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**LOGISTIC SUPPORT  
IN THE VIETNAM ERA**

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**MONOGRAPH 11**

**FOREIGN ASSISTANCE**

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**A REPORT  
BY THE JOINT LOGISTICS REVIEW BOARD**



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301

18 DEC 1970

SS

INSTALLATIONS AND LOGISTICS

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PAUL H. RILEY  
Deputy Assistant Secretary of Defense  
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**CHAPTER I**  
**INTRODUCTION**

## CHAPTER I

### INTRODUCTION

1. BASIS FOR STUDY. The Joint Logistics Review Board (JLRB) has been charged with the examination of logistic support to U.S. forces during the era of the Vietnam War. The Board's Terms of Reference directed specific attention to many aspects of this support. The Commander in Chief, Pacific (CINCPAC), in commenting on the establishment of the JLRB, stated, in part, "... additionally it is recommended that the total scope of logistic support include that support provided to Free World Forces and the nation building effort during the conflict in SEA."<sup>1</sup> Based on this recommendation, foreign assistance was added as a study area. Subsequent to the study, the President has released the report of the Presidential Task Force on International Development.<sup>2</sup> In addition, the press has reported substantive details of Ambassador Edward M. Korry's report to the Secretary of State on foreign assistance.<sup>3</sup> The available information on these reports has been carefully considered and the recommendations of this monograph are not believed to be in conflict with either. The review of foreign assistance aspects of this Vietnam conflict is intended to supplement an otherwise comprehensive review of military logistics during the Vietnam era.

#### 2. SIGNIFICANCE OF FOREIGN ASSISTANCE IN MILITARY LOGISTICS

a. The importance of this facet of logistic support for the future is emphasized by recent statements of the President and Secretary of Defense concerning national security strategy. The following are extracts from the Secretary's statement on the Fiscal Year 1971 Defense Program and Budget.

".... The issue which must be resolved is how the U.S. should proceed to make the most effective use of its resources in conjunction with its partners in a quest for world peace....

".... Henceforth, we will look increasingly to the pursuit of peace through partnership with our allies. This new policy requires that we place more emphasis on furnishing our allies with appropriate military and economic assistance....

".... It is important for all of us to understand that the Nixon strategy also will affect our Military Assistance Program (MAP). An important aspect of our continuous efforts to curtail overseas involvements and expenditures is our ability to persuade and help allied and friendly nations to do more than they are now doing in their own defense. We must continue to help provide them the tools they need. Therefore, in the interest of laying a solid foundation for peace while maintaining an adequate U.S. defense posture at minimum cost, we shall be ready to increase MAP funds and credit-assisted sales of military equipment abroad...."<sup>4</sup>

b. In analyzing the significance of foreign assistance during the Vietnam era, in relationship to its impact on military logistic operations, the JLRB considered the following factors.

(1) As an agrarian nation, Vietnam had neither the production nor distribution resources required to counter an externally supported communist insurgency effectively. Extensive U.S. support in the form of military assistance and civil aid was essential to the continued

<sup>1</sup>CINCPAC, Message 112319Z December 1968 (CONFIDENTIAL).

<sup>2</sup>Presidential Task Force on International Development, U.S. Foreign Assistance in the 1970's: A New Approach, March 4, 1970.

<sup>3</sup>New York Times, March 8, 1970, p. 1.

<sup>4</sup>U.S. Congress, Senate, FY 71 Department of Defense Program and Budget Report, Statements by Secretary of Defense Melvin R. Laird before the Joint Session of the Armed Services Committee and Subcommittee on Department of Defense Appropriations, 20 February 1970.



## FOREIGN ASSISTANCE

existence of the Government of Vietnam (GVN). Without foreign assistance the GVN would have been easily defeated.

(2) The high dollar value and volume of material required to support the GVN.

(a) Total logistic support has been provided for approximately 1 million men of both the Republic of Vietnam Armed Forces (RVNAF) and Third-Country Free World Military Assistance Forces (FWMAF) (except for Australia and New Zealand).

(b) Broad spectrum of support to the civilian sector of the Vietnamese population through the Agency for International Development (AID).

(3) The highly publicized port congestion in Saigon during the height of the military buildup in 1966 and 1967. Since evidence indicated that port congestion was caused by the simultaneous arrival of high-volume AID-sponsored civilian cargo (such as rice and fertilizers) and vast quantities of military cargo from the United States, several questions were raised:

(a) What were the foreign assistance materiel requirements during this period?

(b) What was the AID and Department of Defense (DOD) advance planning regarding the influx of materiel to Vietnam's single deep-water port?

(c) What was the impact of port congestion on U.S. military logistic operations?

(d) Were the procedures for distributing the materiel during this period effective and efficient?

(e) What measures have been taken or should have been taken to preclude the recurrence of this problem in future contingencies?

(4) The possibility of meeting national commitments and achieving national objectives at a lower cost and reduced U.S. troop deployments through continued support of the GVN by:

(a) Adequately training and equipping the RVNAF to meet the threat to their Government.

(b) Sustaining logistic support to Third-Country FWMAF deployed in the RVN.

**3. STUDY OBJECTIVES.** The purpose of this monograph is to identify the strengths, weaknesses, and lessons learned from the logistics aspects of concurrent military and civil assistance to the Vietnamese during open conflict. From these findings, recommendations will be made for enhancing the effectiveness of U.S. foreign assistance to developing nations that face externally supported insurgencies. The monograph concentrates on the following:

a. Reviewing the dimensions of the total foreign assistance program for Vietnam and those free world countries rendering assistance to the Vietnamese.

b. Studying the impact of both military assistance and civil aid on U.S. military logistic operations. Providing total support to an armed force nominally one-third the size of the U.S. Armed Forces obviously has a significant impact on military logistics operations. This support has been integrated with U.S. force requirements and systems under service funding of the military assistance associated with the conflict in SE Asia. The impact of military assistance has, thus, been homogenized and is properly addressed as an integral part of the monograph areas cited by the Terms of Reference for review. Consideration of the civil sector support is unique to this monograph. The primary focus is centered on competition in the areas of facilities (e.g., ports and warehouses), in-country and transoceanic transportation, materiel, and priority allocation.

## FOREIGN ASSISTANCE

c. Developing recommendations for improved planning and execution of foreign assistance programs in support of future contingencies based on a review of the history of the coordination between the Department of State, AID, and DOD.

### 4. SCOPE

a. Specifically excluded from examination in this functional area were any attempts to define, defend, or take issue with the international and domestic political decisions that resulted in the U.S. commitment to the GVN and to the governments of other developing nations.

b. Further, since a complete examination of foreign assistance would include all the facets of logistics being reviewed by the Board, additional limitations were necessary. The study arbitrarily excluded any consideration of foreign assistance administration; the State, DOD, and Service organization for foreign assistance; program financial management; or comparison of the effectiveness among organizations.

c. The study included a consideration of the following areas, which are discussed extensively in other monographs:

(1) Contingency planning with special emphasis on State, AID, and DOD coordination and cooperation.

(2) Requirements generation for both military and civil assistance.

(3) Improvement and modernization of RVNAF.

5. ORGANIZATION OF MONOGRAPH. This monograph is divided into four chapters in addition to this introductory chapter. Briefly, these chapters encompass the following:

a. Chapter II provides the general background of the foreign assistance program, traces its history and evolution, and furnishes a quantitative overview of the current program, specifically that employed during the Vietnam era.

b. Chapter III defines the impact of the foreign assistance program on U.S. military logistic operations in Vietnam, describes the lack of logistic coordination between State, AID, and DOD at the beginning of the Vietnam buildup, examines the improvements that were accomplished, and provides a suggested approach to future interface and coordination of foreign assistance programs associated with military contingency operations.

c. Chapter IV examines the contingency planning system as applied to foreign assistance and, based on Vietnam experience, makes recommendations concerning future contingency planning.

d. Chapter V provides an overview of the monograph, identifies lessons learned, and develops recommendations concerning the foreign assistance program as practiced in Vietnam and other SE Asian countries.

**CHAPTER II**  
**GENERAL BACKGROUND**

## CHAPTER II

# GENERAL BACKGROUND

### 1. FOREIGN ASSISTANCE HISTORY

a. The development of the United States took many years and was supported by considerable outside capital and investment by England, Germany, the Netherlands, and other European powers. Loans were made first to state and local governments; later, increasingly to private industry. Shortly after 1800 the United States had foreign obligations of \$75 million; by 1843 obligations had grown to \$225 million; and at the start of this century foreign investment in the United States totaled \$3.3 billion. Thus the very existence of this nation was based on foreign military assistance and its growth was predicated, in large part, on the investment of foreign capital.

b. Until the turn of this century economic development of the United States proceeded at a relatively slow pace. The world was larger and less interdependent; the expectations of both men and nations were more modest. The United States could afford to wait for foreign exchange earnings to increase to the point where it could finance loans abroad.

c. As the United States developed economically and politically, it too joined the ranks of nations providing assistance to others. As early as 1888 the United States established a small military advisory group in Korea.<sup>1</sup> From this austere beginning the kernel grew to the \$45 billion lend-lease program of World War II and the subsequent annual multibillion dollar military and economic assistance programs.

d. United States foreign assistance in the modern context has but one central purpose, i.e., to further the aims of U.S. foreign policy by supporting the development of loosely aligned and western-oriented nations and providing the means for ensuring their survival. This cannot be accomplished without U.S. commitment of resources. The U.S. foreign assistance programs are based on the premise that the more the United States can encourage indigenous people to build their own nations and to defend themselves, the less expensive, in terms of dollars and lives, this commitment will be. As a matter of general practice, the distribution of economic aid is directed to Latin America and to those loosely aligned, underdeveloped countries in which there is an implied threat to internal security due to Sino-Soviet influence. Contrarily, the bulk of U.S. military assistance is directed to the proven performers who share a common border with militarily significant communist states (e.g., NATO allies, Thailand, and Korea). A brief resume of U.S. assistance to its allies and trends in support of emerging nations follows.

e. During the World War I era, the United States provided money to many European countries to use for buying war materials and later for buying food and goods required in rebuilding. This money, originally intended as loans, was expected to be repaid. With the exception of Finland, however, most of the loans are outstanding and, in effect, have turned into a type of grant aid. Nevertheless, because of the prevailing opinion of the times, foreign assistance was then only vaguely regarded as an integral part of U.S. foreign policy.

f. By the Lend-Lease Act of March 1941, President Roosevelt was given the authority to aid any nation believed vital to the security of the United States. This act predated the United States entering the war by 9 months. The theory of lend-lease was that the necessary materiel for waging war should be available among the allies. It avoided the loan problem associated with earlier programs by specifying that repayment was to be made by return of unexpended war

<sup>1</sup>Robert K. Sawyer, Military Advisors in Korea: KMAG in Peace and War (Washington: U.S. Government Printing Office for the Office of the Chief of Military History, Department of the Army, 1962), p. 4.

## FOREIGN ASSISTANCE

materials or by giving other goods and services after the cessation of hostilities. From the beginning of lend-lease through 2 September 1945 (V-J Day), the United States provided approximately \$45 billion in aid to some 42 countries.

g. Soviet expansion in Eastern Europe led President Truman to proclaim, in a major foreign policy speech on 12 March 1947, that the policy of the United States must be to support, through economic and financial aid, free people who are resisting subjugation by armed minorities or by outside pressures that would upset their economic stability and orderly political processes. Two months later General Marshall initiated what was to become known as "The Marshall Plan," a policy directed, not against any country or doctrines, but against hunger, poverty, desperation, and chaos. For the first time, the United States had intentionally set in motion a foreign assistance program of grant aid.

h. In 1949, under the Mutual Assistance Program, the countries of the North Atlantic Treaty Organization (NATO), as well as other nations, were furnished military supplies. Military aid programs for Western Europe were consolidated with the existing programs of military aid to Greece, Turkey, Iran, Korea, the Philippines, and the Western Hemisphere countries. In addition, the United States became party to other multilateral defense treaties—the Southeast Asia Treaty Organization (SEATO); the Australia, New Zealand, United States Treaty (ANZUS); and the Organization of American States (OAS). From the inception of the postwar military assistance programs and for many years after, the great preponderance of the materiel provided was furnished as grant aid. Regardless of the extensive and continued military assistance provided under grant aid programs, the following factors began to influence the amounts and nature of military materiel available to these programs:

(1) The large excesses of World War II materiel were largely depleted and continued supply required new appropriations and expenditures.

(2) The tremendous economic recovery of the Western European nations had placed many of them in positions where they were able to purchase military equipment.

(3) Unfavorable trends in the U.S. balance of payments became the object of increasing attention.

i. With the decreasing need for grant aid military and economic assistance to Western Europe, U.S. foreign assistance priorities were reassessed. Emphasis shifted from Europe to the forward defense of Near Eastern and Far Eastern countries adjacent to the Soviet and communist Chinese borders and to the economic development of our neighbors in the Western Hemisphere. In 1957 President Eisenhower called for the establishment of a Development Loan Fund to help poor nations achieve progress and security for themselves. The President also stated that the practical way in which the United States could help was through a program of technical cooperation in the early struggles of these young nations to survive. They needed the knowledge of skilled people—farm experts, doctors, engineers—to teach new techniques to their people. At the same time, because of their inherent poverty, they needed the help of some capital to begin essential investment in roads, dams, railroads, and utilities.

j. The reshaping of American Foreign Assistance Programs was given maximum impetus in 1961.

(1) President Kennedy launched the "Alliance for Progress" calling for concerted action on problems posed by the American Republics.

(2) Congress enacted The Foreign Assistance Act of 1961, signed into law on 4 September 1961, providing in Parts I and II authority for economic and military assistance.<sup>2</sup>

<sup>2</sup>U.S. Congress, Senate, The Foreign Assistance Act of 1961, Public Law 87-195, 87th Cong., 1961, S. 1983, as amended.

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(3) On 3 November 1961, President Kennedy ordered the Secretary of State to establish the Agency for International Development<sup>3</sup> to assume the role of developing and implementing the economic assistance programs authorized by the new Act.

k. The objectives of the foreign assistance programs were clearly stated in the text of The Foreign Assistance Act, as amended. Regarding economic aid, Section 102 of the law stated that it was expressive of U.S. sense of freedom, justice, and compassion and was important to the national security that the United States, through private and public efforts, assist the people of less-developed countries in their effort to acquire the knowledge and resources essential for development and to build the economic, political, and social institutions that would meet their aspirations. The goals and purposes of military assistance (Section 501) were to promote the peace of the world and the foreign policy, security, and general welfare of the United States by the common defense against internal and external aggression, including the furnishing of military assistance, upon request, to friendly countries and international organizations. Priority was to be given to the needs of those countries in danger of becoming victims of active communist or communist-supported aggression or those countries in which the internal security was threatened by communist-inspired or communist-supported internal subversion.

l. Thus, for the first time, the United States had a foreign assistance program with positively identified goals. More significantly, the law gave the United States a vehicle for its first integrated foreign assistance program. Authorities and responsibilities were identified. The Secretary of State was charged with continuous supervision and general direction of economic assistance and military assistance that included but was not limited to determining whether there should be a military assistance program (MAP), including civic action, for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served.

m. Within the framework of this law, the executive branch was able to establish priority areas for concentrated assistance effort. The military commitment to the Government of Vietnam (GVN) served as a prime example of assistance rendered in consonance with Section 501 of the Foreign Assistance Act of 1961, as amended.

## 2. INTERNATIONAL SITUATION

a. International tensions continued to heighten during the 1960's while U.S. attention was directed to Vietnam and the search for peace in Paris. The Arab-Israeli war in 1967, the North Korean thrusts, the Soviet invasion of Czechoslovakia and the Soviets' record naval presence in the Mediterranean during 1968, the pocket war between El Salvador and Honduras in 1969, renewed outbreaks of violence in the Middle East, and the expropriation of foreign holdings of U.S. industry give evidence of increasing worldwide confrontations. Future conflicts consisting of terrorism, guerrilla warfare, and insurgency may become more common than open military confrontations between national forces in Latin America, Africa, and Asia.

b. Although past U.S. policy has resulted in increases in specific economic and military aid programs in reaction to international incidents and confrontations, the overall trend has been to reduce the level of overseas commitments.

## 3. MILITARY ASSISTANCE

a. The most significant accomplishment of U.S. military aid was its contribution to containing communist expansion in the early days of the program. Within 3 years after World War II, the U.S.S.R. had reduced the Eastern European nations to satellite status and all of Western Europe was weak militarily and economically. Military assistance soon gave friendly European and Near Eastern nations the materiel and training necessary to establish effective military forces. Communist expansion was largely brought to a halt as a direct result of the promptly

<sup>3</sup>U.S. President, Executive Order No. 10973, as amended, Administration of Foreign Assistance and Related Functions, John F. Kennedy, 3 November 1961.

## FOREIGN ASSISTANCE

implemented Greek-Turkish Aid Program—which saved two strategically located countries from being swept behind the Iron Curtain—and of a subsequently more systematic provision of military assistance to threatened allies.

b. At present the United States is a party to four multilateral defense treaties: the North Atlantic Treaty; the Southeast Asia Treaty; the Australian, New Zealand, United States Treaty; and the Rio Pact. Although not a party to the original Baghdad Pact, from which the Central Treaty Organization (CENTO) evolved, the United States does participate in the military planning activities of that organization. Bilateral mutual defense treaties have been entered into with the Republic of China, Korea, Japan, and the Philippines. These treaties commit the United States not only to provide logistic support but also to deploy troops in the event of a military contingency operation.

c. Conversely, bilateral military assistance agreements do not depend on treaty relationships and differ from mutual defense treaties in that they do not obligate the United States to direct military response to aggression against the recipient nation. They merely set forth the conditions under which U.S. aid (in the form of military equipment, training, and related support) will be provided, contingent on the necessary authorizations and appropriations of Congress. Military assistance to individual countries does not depend on the existence of treaty relationships, either bilateral or multilateral, but is determined by the security and foreign policy interest of the United States in each case.

d. Military assistance makes available the essential resources required for friendly nations to provide more effectively for their own defense and internal security. It also permits them to make a greater contribution to collective world security. This, in turn, reduces the probability of any need for U.S. intervention. No nation that has received U.S. military assistance since the inception of this aid in 1950 has been brought under the direct control of either Soviet Russia or Communist China by force or subversion. Only one—Cuba—has become a Communist country.

## 4. ECONOMIC ASSISTANCE

a. Like U.S. military assistance programs, U.S. civil aid programs have changed sharply over the past two decades. The recipients are different from those of 20 years ago. Once economic aid was concentrated in the old but economically competent nations of Western Europe and in Japan. Now economic aid goes entirely to the developing nations of Latin America, Asia, and Africa. Once aid was a tool of rehabilitation to help nations rebuild from the ravages of World War II. Now it is directed toward long-range social and economic progress. Once economic aid was heavily oriented to the defense needs of other countries. Now it is primarily for development purposes. Once aid was largely in the form of grants. Now, because of reordering of domestic priorities, economic aid is largely financed by dollar repayable loans. Once economic aid was solely a U.S. effort. Now, 18 other developed countries share in helping the less fortunate.

b. The emerging nations of the 20th century have been under pressure to grow at a much faster rate than the United States did in the 18th and 19th centuries. Several reasons are responsible for this pressure on emerging nations. One is internal and comes from population increases. When Europe and this country were developing, more people were desperately needed to operate new industries and to expand markets for agriculture and manufacturing. In the United States and Europe, development preceded population growth. Today, the sequence has been reversed. In many developing countries, agricultural production is inadequate to feed their people and there is not enough industry to employ them. Consequently, scarce assistance resources must be used to provide food and to make basic changes in agricultural production rather than to provide capital investment for long-term development. Another demand for progress in the emerging nations arises from outside factors. The people of the less-developed nations know what goes on in the developed world. Communities that have stood still for centuries are determined to change. Backward pastoral ways are no longer tolerated. More and more, the governments of the new nations feel this pressure. More and more of these countries are responding with definitive programs for economic and social progress.

## FOREIGN ASSISTANCE

c. The U.S. basic foreign policy holds that people should be afforded the security and stability required to initiate orderly development of their economies; U.S. foreign assistance programs are designed to provide such an environment. Today, the stability of East Asian countries and their prospects for economic growth continue to be challenged by the Communist world. First in Korea and Vietnam and now in Laos and Thailand, armed communist infiltration and insurgency are growing. Both economic and military aid are assisting the governments of these countries to counter this insurgency by strengthening internal security and accelerating rural development. With the resources provided, these governments are, in theory, able to better protect the people in their daily lives and prevent the disruption of economic growth activity.

d. The U.S. assistance programs in Vietnam have, in large part, been predicated on countering the effects of open conflict. In Thailand, however, U.S. concentration is on road building, community development, agriculture, business, and strengthening police protection in the Northeast, where one-third of the nation's 10 million people live in poverty. Historically neglected, mostly without government services or protection, villagers are often subject to communist terrorism. The U.S. assistance has helped to encourage the Thai Government to move personnel and programs in to fill the vacuum. The Thai Government is upgrading administration, police techniques, and relations with rural villagers in an effort to halt the growing communist insurgency in the North and Northeast. In Laos, security areas have been established with U.S. assistance in an attempt to strengthen the Laotian Government influence and thus improve security against Pathet Lao and North Vietnamese attack, allowing the inhabitants to become more active in developing their own resources. The security aspects of U.S. programs in Thailand and Laos predominate; elsewhere, the development strand is more predominant.

e. This, then, is the international environment in which the U.S. Foreign Assistance Program must operate.

5. **FUNDING.** Pressing domestic problems and alleged mismanagement have cooled the ardor of the American people for foreign assistance. As a result of the pressure of public opinion, the dollar value of U.S. foreign assistance programs has declined each year since its peak of nearly \$7.5 billion in 1952. The total foreign assistance program for 1965, including both military and civil aid, was down to approximately \$3.325 billion. Faced with the prospect of ever-reducing foreign aid budgets and increasing resource requirements in Vietnam and attempting to be more responsive to RVNAF and FWMAF, the United States in 1966 integrated the military assistance portion of these requirements in the budgets of the counterpart U.S. Services. In addition, certain elements of the U.S. civil assistance program were identified as militarily essential and in FY 67 funding responsibility for these elements were transferred from AID to the military Services.

6. **OVERVIEW OF U.S. FOREIGN AID.** United States foreign assistance is multifaceted and complex and consists of five parts: the civil and economic assistance programs carried out by AID, the peacetime MAP, Food for Freedom, the Peace Corps, and subscriptions and contributions to multilateral lending agencies. The AID and MAP fall within the purview of the Foreign Assistance Act, whereas Food for Freedom, the Peace Corps, and U.S. participation in international financial institutions are authorized by separate legislative acts. In FY 70 the total proposed foreign aid program is about \$4.4 billion, exclusive of the military assistance costs associated with the SE Asia conflict. A brief comparison of proposed FY 70 worldwide U.S. foreign assistance costs and spending associated with Vietnam, Laos, and Thailand lends perspective to this overview (see Table 1). Military assistance grants are of two types: The first, MAP, provides normal peacetime support and is funded as an increment of the annual Foreign Assistance Appropriation Act. The second, Military Assistance Service Funded (MASF), provides support to the Vietnamese, other free world forces in Vietnam, and to local forces in Laos and Thailand. The MASF is funded by the DOD component service appropriations and is not ordinarily considered an element of the foreign assistance program. Inasmuch as the primary focus of this monograph is accommodation of foreign assistance requirements by military logistic systems, it is appropriate to describe the major program elements.



## FOREIGN ASSISTANCE

TABLE 1

PROPOSED U.S. FY 70 FOREIGN ASSISTANCE PROGRAMS  
(in billions of dollars)

<u>Program Element</u>	<u>Worldwide (including S.E. Asia)</u>		<u>S.E. Asia Conflict</u>	
AID	2.4		.4	
Grant Military Assistance				
MAP	0.4		0	
MASF	2.2		2.2	
Subtotal	2.6	2.6	2.2	2.2
Food for Freedom	1.4		0.2	
Peace Corps	0.1		0	
Overseas Private Investment Corporation	0.1		0	
Total	6.6		2.8	

a. AID Worldwide Programs

(1) Technical Assistance. Technical assistance is the application of American technical and professional expertise to the problems of developing countries. Training and research in agriculture and family planning are among the most important projects financed by this program. Major current projects are under way in India, Brazil, Laos, Nigeria, Thailand, Pakistan, Afghanistan, the Philippines, and Indonesia. Technical assistance represents about 21 percent of AID's budget; it has a negligible impact on military logistic operations.

(2) Development Loans and Alliance for Progress Development Loans. These loans are funds to provide less-developed countries with capital resources needed for growth. These funds finance the commodities and technical services necessary for construction, and the import of raw materials and capital goods needed to fuel industrial and agricultural development. Development loans represent 51 percent of AID's budget and are made at concessionary interest rates of 2 percent or 3 percent per annum. The loans, amounting to about \$1 billion annually, require the recipients to procure goods and services from U.S. sources. Thus, in the event of a contingency operation, there are two areas of possible impact on military logistics. The first, and probably most significant if the contingency occurs in a recipient country, is the impact of imported development goods on transportation, port throughput, and distribution capacities. The second is the possible competition between a loan recipient and the U.S. military in procurement of both raw materials and capital investment goods. Currently Brazil, Chile, Columbia, India, Indonesia, Korea, Pakistan, and Turkey receive the bulk of development loans.

(3) Supporting Assistance. Supporting assistance consists of a variety of projects to help countries with extraordinary security burdens maintain economic stability. Twenty-three percent of AID's budget is employed in this task. From a high of 41 countries in FY 62, the number of recipients has been reduced to seven with 86 percent of supporting assistance programmed for Vietnam. The entire effort of AID in Vietnam is funded under this category. Because of the broad spectrum of material imports and services required in stabilizing an economy, a significant logistic impact may be anticipated.

b. Military Assistance. For ease of presentation, it is best to consider military assistance in two distinct categories. The first is the peacetime or status quo worldwide MAP funded

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under the Foreign Assistance Act of 1961, as amended. The second category supports U.S. allies in the SE Asia conflict and is funded through counterpart Service budgets.

### (1) Military Assistance Program

(a) Military Assistance Grant Aid. This is a long-range program based on Presidential decisions to provide defense articles and services to specific countries on a non-reimbursable basis. Approximately 90 percent of the program is expended in support of four forward defense countries: Greece, Turkey, the Republic of China, and Korea. The remainder is used to ensure continuing U.S. access to bases and facilities in strategic areas and to establish or maintain a U.S. military hardware presence in other countries. This element of the MAP is the only one that operates with Foreign Assistance Act funds.

(b) Foreign Military Sales. The foreign military sales program is a means of supplementing, augmenting, and eventually replacing grant aid to the degree possible. Like grant aid, a country's eligibility to participate in the program is determined by the President. Defense articles and services are furnished on a reimbursable basis to friendly foreign governments, provided the support rendered is consistent with and will further the aims and objectives of U.S. national policy. It is anticipated that military sales to foreign nations will exceed \$1 billion during the current fiscal year.

(c) Cooperative Logistic Support. Cooperative logistic support is the purchase by a foreign nation of U.S. military items or logistic services over a period of time. Financial terms for payment are arranged at the national level between the U.S. and the foreign government. Support is provided through Supply Support Arrangements (SSA) permitting the foreign government to participate as a customer in the U.S. military logistic system on a reimbursable basis. In FY 68 cooperative logistic support amounted to \$100 million, involving 19 countries.

(d) Co-production Programs. A form of military sales, co-production is the assembly of a U.S. end item in a friendly country plus the manufacture in the country of some of the components. In FY 68 co-production amounted to \$3.5 billion involving 28 countries.

(2) Military Assistance, Service Funded. Service-funded military assistance is a more responsive form of grant aid assistance used in support of allies actually engaged in open conflict. The stringent funding limitations and controls of MAP grant aid are alleviated and total planning, funding, and program control responsibility is transferred to the U.S. counterpart of the supported services. At present MASF is employed only in support of local forces in Vietnam, Laos, and Thailand and in support of those underdeveloped third-country allies with forces engaged in Vietnam.

c. Food for Freedom. Food for Freedom is a program funded by the U.S. Department of Agriculture (USDA) and managed by AID under authority contained in the Agricultural Trade Development and Assistance Act of 1954, as amended, and subsequent Executive orders. Program objectives are "...to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in developing countries..."<sup>4</sup> About 80 percent of the program is expended in the Near East and Asia. Because of the low price, high-volume, and bulk-shipment characteristics of Food for Freedom commodities, they can have a significant impact on military logistic operations in underdeveloped countries.

d. Peace Corps. The Peace Corps is an organization of American volunteers who work with and train the indigenous population of developing nations. The primary focus of Peace Corps activities is in Latin America and Africa. Activities in the Near East and Asia consume about one-third of the Peace Corps operating resources; no projects are currently under way in

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<sup>4</sup>Public Law 480, as amended, Agricultural Trade Development and Assistance Act of 1954, sec. 2.

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Vietnam or Laos. The very nature of the Peace Corps precludes a significant impact on military logistic operations.

e. International Monetary Agencies. These agencies are organizations, such as the U.S. Export-Import Bank, the International Monetary Fund, and the International Bank for Reconstruction and Development, that deal in international development credit funding. Since the operation of these organizations approximates commercial banking practice in regard to risk, their activity in a given area will normally cease prior to the commencement of open military conflict. Consequently, there will be little or no impact on forward logistic operations. Competition for resources can occur, however, between military procurements and procurements by loan recipients in other world areas.

7. U.S. FOREIGN ASSISTANCE OBJECTIVES IN VIETNAM. In general, the U.S. objectives in Vietnam have been to prevent a communist military victory and to help the GVN carry out the tasks of developing a strong nation in an atmosphere of freedom of choice. To achieve these objectives both military and economic assistance have been required in unforeseen proportions. In the area of military assistance there was little hope of immediately preparing the RVNAF to meet the threat; immediate deployment of U.S. combat forces was imperative if the GVN was to resist defeat. Expansion and improvement of the RVNAF could be deferred and accomplished concurrent with direct U.S. efforts to stem the communist attack. The role of military assistance in Vietnam, with the exception of the commitment of U.S. combat forces, has been largely traditional: to assist in planning an indigenous armed force appropriate to the threat and to provide the logistic support to allow the armed force to operate effectively. On the other hand, because of wartime conditions, AID has been faced with objectives that differ substantially from goals normally established in other developing nations: prevent runaway inflation, ease suffering of civilians displaced or injured by war, assist the GVN in expanding its influence over and protection of the population, and help Vietnam develop greater national cohesion.

8. ECONOMIC AND CIVIL ASSISTANCE TO VIETNAM. In late 1965, the Vietnamese economy began to deteriorate as combat operations increased and the United States began its rapid military buildup. Initial logistic support of troops drained the local market of goods, thereby placing greater pressure on prices. Increasing U.S. piaster expenditures for housing and services and rising troop spending aggravated the situation by contributing to increased indigenous demand. This situation was further compounded by the initial reluctance of the GVN to make immediately available, in appropriate amounts, its own foreign exchange for imports. At the same time, the refugee problem worsened because of the increased tempo of the war. Crop production dwindled owing to combat operations, drafting of military age men, and farmers entering another trade as the war grew more intense. To strengthen the Government and preserve the nation's economy, AID instituted the following programs.

a. Economic Stabilization. The purpose of economic stabilization has been to control powerful inflationary pressures within the Vietnamese economy. Primary implementation of economic stabilization has been through the Commercial Import Program (CIP). The CIP has been undisciplined by nature; goods have been imported in response to current conditions to absorb discretionary spending funds and meet commodity shortfalls. During 1966 and early 1967 the influx of large quantities of both military and commercial import goods contributed to the severe port congestion and distribution problems in Vietnam. The primary objective of CIP has been to ensure that adequate supplies of basic commodities have been maintained in the market to meet requirements. By providing the foreign exchange needs to fill the gap between the increased level of imports that has been required and the level that the GVN has been able to finance with its own foreign exchange, the CIP has helped curb inflationary price increases and has reduced the possibility of shortages and price speculation. In addition to providing imports to satisfy these requirements, the CIP has made another significant contribution to the Vietnamese economy. The piasters that the Vietnamese importer pays to his local bank to cover the cost of the AID-financed commodities have been deposited into a special counterpart account with the National Bank of Vietnam (NBVN). They have then been used to support the Vietnamese military and civilian budgets and to provide for AID's local operating expenditures. The types of imports financed under the CIP have been limited to those commodities that AID considers essential for the economy of a developing country: sugar, chemicals, textiles, petroleum

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products, cement, iron and steel, electrical equipment, industrial machinery, motor vehicles, and bulk commodities. For the most part the GVN finances consumer goods, but selected commodities can be and are shifted between GVN and U.S. financing in response to changing economic conditions.

### b. Food for Freedom

(1) In Vietnam, USAID (hereinafter used when referring to the Vietnam Bureau of AID) has utilized the Food for Freedom program to fill the gap between Vietnamese food production and demand and to ensure that the price of food has remained within the means of the individual Vietnamese. The Food for Freedom program is developed in response to current situations and involves the use of the USDA charter transportation as well as U.S. Army responsibility for delivery from discharge port to the first in-country destination. During the 1966 to mid-1967 period this had a definite impact on the military logistic system in Vietnam.

(2) Under the Food for Freedom program (Public Law 480), food has been imported into South Vietnam for two purposes: to be sold in the market place (Title I) and to be given away to refugees and to the needy (Title II). Some Title II commodities have been distributed by accredited U.S. nonprofit voluntary agencies and by international organizations. Although the Food for Freedom program has been administered in Vietnam by USAID, the appropriation was granted to the United States Department of Agriculture (USDA). Most of the food imported under the Food for Freedom program has not been given away, but has been sold to the Vietnamese consumer.<sup>5</sup> Title I commodities of the Food for Freedom program have played a role similar to that of the CIP in the economic stabilization program. Commodities imported under Title I have been paid for in local currency, generating funds for RVN military and civilian budgets and U.S. needs. Commodities include rice, by far the most important item, and wheat, flour, corn, cotton, tobacco, and dried milk and other dairy products.

c. Project Programs. Other AID endeavors in Vietnam can be placed under a heading of project programs made up of three goals: war relief and support, pacification, and national development.

(1) War Relief and Support. In this area, the major problem remains refugee resettlement. The goal of USAID is to see that refugees are fed and assisted in becoming self-supporting and to ensure effective care of civilian war casualties.

(2) Pacification. The goal of pacification refers to a specific program undertaken by the Military Assistance Command Vietnam (MACV), Office of Civil Operations and Rural Development Support (CORDS), in conjunction with various GVN ministries. Major recipients of AID resources for pacification have been the National Police support projects and a series of programs supporting revolutionary development (RD).

(3) National Development. The goal of national development is to help the GVN operate more efficiently in providing security, in improving economic and social conditions, and in providing greater opportunities for popular participation in political life. To accomplish this, AID has undertaken projects at all levels of Vietnamese life to increase the incomes of farmers, to strengthen village-governing councils politically and financially, to expand and improve basic public services, and to improve the effectiveness of key ministries in the central government.

## 9. MILITARY ASSISTANCE TO RVNAF

a. Background. During 1964 the RVNAF had an overall authorized strength of 435,000 of which approximately 200,000 were in the regular army and another 200,000 in the Territorial Civil Guard and Self-Defense Corps—the forerunners of the Regional Forces and Popular Forces. In all there were 123 maneuver battalions. Regular troops were equipped with standard U.S. World War II weapons, such as the M1 rifle, the Browning automatic rifle, and the

<sup>5</sup>Director of USAID, Report to the Ambassador, 1967.

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Browning light machine gun. Territorial Forces were lightly armed, principally with the semi-automatic M1 carbine; they had neither automatic weapons nor mortars. The most valid criticism of the Vietnamese Army at that time was that it was overly conventional in its organization, equipment, and tactics.<sup>6</sup> At the beginning of 1964 the Vietnamese Air Force consisted of 8,400 men and 190 aircraft, mostly armed T-28 training aircraft. During 1964 the United States started replacing the T-28 with the A-1 SKYRAIDER, and the UH-19 helicopter with the CH-34. The Vietnamese Navy received both U.S. maintenance support and ship and craft replacement of their aging French fleet. By 1964 the Navy was authorized 7,100 men for both Sea and River Forces. Fourteen River Assault Groups located at bases throughout the Delta made up the River Force. Their main vehicles were armed and armored landing craft. The Sea Force consisted of patrol boats, minesweepers, and landing craft based at Saigon. At that time the Coastal Force was a paramilitary group, known as the "junk force," organized into 28 divisions deployed along the coast of Vietnam to work in conjunction with the Sea Force. In 1965 these junks were made a part of the Regular Navy. At the beginning of 1964 the Vietnamese Marine Corps had a strength of 3,100 men, organized into a brigade of four infantry battalions and one amphibious support battalion. Although organized for amphibious operations, the Marine Corps battalions participated in ground operations throughout South Vietnam, as part of the general reserve. The effectiveness of all forces declined sharply as morale dropped and personnel strengths shrank. The increased tempo of enemy operations and his success in winning a series of victories coupled with low fighting strength among the maneuver battalions tended to breed caution, a defensive attitude, pressure to avoid casualties, poor morale, and more desertions. United States combat forces were introduced in mid-1965 to forestall an immediate communist victory. It was apparent that the Vietnamese Armed Forces, which totaled about 550,000 men in August 1965, had to be built into a much more effective combat force, but not expanded so rapidly as to destroy their effectiveness.

b. **MASF.** By early 1966 it became apparent that the increasingly austere funding levels and the inherent constraints of military assistance procedures, as utilized within MAP, were neither adequate for nor compatible with the expanded operational role that had been assumed by RVNAF and FWMAF in Vietnam. The MAP was designed to provide deterrence and a capacity for initial defense against aggression, not to underwrite sustained military operations. Consequently, effective 25 March 1966, when the President signed the FY 66 Supplemental Appropriation Bill, the Services assumed the responsibility for RVNAF and FWMAF logistic support for the Vietnam War. Military assistance logistical procedures were realigned to those Service procedures being used by U.S. forces in SE Asia. This new logistical support was termed Military Assistance Service Funded. Incident to this realignment was the transfer of unexpended balances of FY 66 and prior-year Vietnam military assistance grant aid funds to Service appropriations. At the end of March 1966 RVNAF forces totaled approximately 680,000 and FWMAF totaled approximately 30,000, a substantial increase from 3,000 on 1 August 1965. By 30 June 1967 RVNAF forces growth had risen to nearly 750,000 and that of FWMAF to 55,000. Continued increases now place RVNAF strength at more than 1 million and FWMAF strength at 70,000. By placing funds in support of RVNAF and the free world force costs associated with Vietnam in the Service budgets in 1966 and by transferring the funding of all assistance for Laos and Thailand to the defense budget in 1967,<sup>7</sup> the military was in the grant aid business—which is estimated for FY 70 at approximately \$2.2 billion. Funding for Australia and New Zealand troop costs in Vietnam has been accomplished by financial working agreements that entail no appreciable cost to the United States.

c. **AID and DOD Realignment.** Effective 1 July 1966 DOD assumed funding responsibility for support of several AID projects defined as "militarily essential." In some cases project execution also became a military responsibility, but in others the projects remained under AID or joint AID and DOD operational management. Examples of functions for which the military assumed program responsibility are the administration of the Saigon port, supply of medicines for Military Civic Action Teams (MEDCAP), air traffic control, prevention of railway sabotage,

<sup>6</sup>Gen. W. C. Westmoreland, *Report on the War in Vietnam* (Washington, D.C. 20402, U.S. Government Printing Office, 1968), sec. II, App. B, p. 210.

<sup>7</sup>Public Law 90-96, 29 September 1967.

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and highway maintenance. In the category of AID or joint AID and DOD operational management are assistance to refugees, medical supply other than MEDCAP, and commodity support for the GVN police.

10. SUMMARY OF ECONOMIC AND MILITARY AID TO VIETNAM. To save the economy of Vietnam and to support both the RVNAF and U.S. allies associated with the war in Vietnam, it was necessary to import large quantities of civilian and military goods. Unfortunately these materials were required at the same time that logistic support for U.S. forces was being expanded. During the 1966-67 time frame and to a lesser degree continuing to the present, the requirements of economic and military aid to Vietnam, as will be described in Chapter III, have had a significant impact on logistic support of U.S. forces.

**CHAPTER III**  
**INTERFACE AND COORDINATION**

## CHAPTER III

# INTERFACE AND COORDINATION

### 1. INTRODUCTION

a. The experience of Vietnam is replete with new situations that have required extraordinary coordination and cooperation between governmental organizations. Following the fall of the French in 1954, the United States provided support to the Vietnamese within the framework of the Geneva Accords. Emphasis was on social and economic development; military assistance consisted of arms replacement and the provision of limited numbers of military advisors. As Vietcong (VC) activities became increasingly disruptive, the United States responded with additional military hardware. The U.S. operating organization in Vietnam, however, remained essentially civilian and under the control of the Department of State.

b. By early 1965 it became apparent that if the Government of Vietnam (GVN) were to be sustained, the VC threat had to be met with military forces beyond GVN's internal capability. The decision to introduce U.S. combat forces followed almost immediately. The U.S. combat unit deployments began with the March 1965 movement of the 9th Marine Expeditionary Brigade from Okinawa to Vietnam. Thus the stage was set for the continuing relationship between the diplomatic and military managers of U.S. efforts in Vietnam. Through December 1969, guidance for this relationship was contained in a Presidential memorandum that was addressed to each American Ambassador abroad. It read, in part:

"You are in charge of the entire United States Diplomatic Mission, and I shall expect you to supervise all of its operations. The Mission includes not only the personnel of the Department of State and the Foreign Service, but also the representatives of all other United States agencies which have programs or activities. . . .

"... about your relations to the military. As you know, the United States Diplomatic Mission includes Service Attaches, Military Assistance Advisory Groups and other Military components attached to the Mission. It does not, however, include United States military forces operating in the field where such forces are under the command of a United States area military commander. The line of authority to these forces runs from me, to the Secretary of Defense, to the Joint Chiefs of Staff in Washington and to the area commander in the field. . . .

"... your lines of communications as Chief of Mission run through the Department of State."<sup>1</sup>

Clearly, there have been two distinct lines of authority, responsibility, and communication for execution of U.S. assistance activities.

c. Adding to the problems of coordinating the various U.S. military and civilian programs are two factors. Foremost of these is the impact of the autonomy of the GVN. Essentially every U.S. move required GVN concurrence and action; these had to be accomplished in a bureaucratic environment of relatively shallow management experience. The second consideration is the relationship between the U.S., the GVN, and the third-country free world allies that provided military assistance forces to support the Vietnamese.

d. In such circumstances absolute coordination of U.S. activities is the keystone of success. This chapter discusses the shortcomings in coordination evidenced by specific problem areas encountered during the Vietnam era and proposes an approach that will clearly identify the points of interface at which coordination must occur.

<sup>1</sup>U.S. President, Memorandum, subject: Responsibilities of Chiefs of American Diplomatic Missions, John F. Kennedy, 27 May 1961.



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(1) Military Buildup. When the decision to introduce U.S. and other free world combat forces was reached, there were 23,300 U.S. military advisors and a nominal 1,000 Filipino and Korean army engineers assisting the Vietnamese. Almost 4 percent of Vietnam's estimated 16 million population was in its Armed Forces—roughly the same as the proportion of U.S. population under arms during the height of World War II. Primary logistic support for any troops to be deployed would initially flow through the Port of Saigon. Cargo continued to be handled through this port as it had for centuries—slowly and manually. Aside from logistic requirements for U.S. forces, the United States was faced with supplying essentially 100 percent of the RVNAF materiel requirements. Deployments of additional Free World Military Assistance Forces (FWMAF) were to be predicated on reequipping and sustaining the operations of all units deployed to Vietnam. With the exception of reimbursement for support by the Australian and New Zealand forces, the United States was to bear the full cost of practically all military operations in Vietnam. The growth of forces in place is shown in Figure 1.

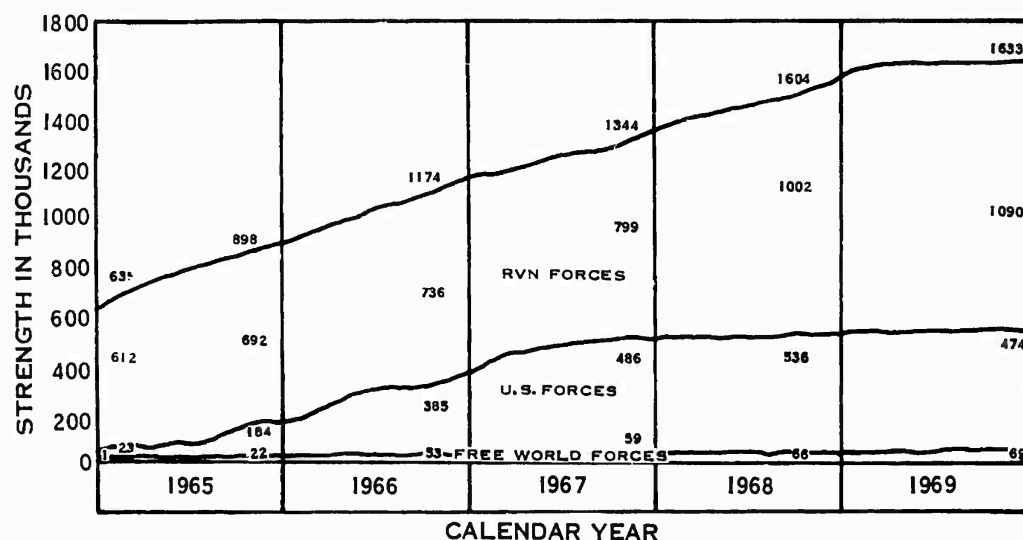


FIGURE 1. VIETNAMESE AND ALLIED FORCES IN SOUTH VIETNAM

## (2) Economic Buildup

(a) The Vietnamese economy began to deteriorate by late 1965 because of the increased tempo of military activity and the buildup of U.S. forces. The U.S. civil aid efforts in Vietnam changed direction in response to the existing situation. From the traditional pattern of advising in long-term economic development, the Agency for International Development (AID) Mission in Vietnam faced requirements for direct participation in operations with emphasis on quick results. Retention of wartime civil support responsibility and rapid expansion of the AID Program (depicted in Figure 2) generated an immediate requirement for AID logistics operators.

(b) The only U.S. logistics system operating in Vietnam was the military's; however, AID was not staffed to enter and use this system. Interfaces between AID and the military developed on an ad hoc basis, both in Washington and in Vietnam, to resolve urgent operational problems. A further complication for AID was the fact that all planning had envisioned a phased turnover of civil sector responsibilities to the military as the level of hostilities increased; this of course did not occur. Consequently, AID had to concurrently develop operations plans, restructure its organization to provide an operating capability, and recruit to meet the swelling demands of the new environment. These activities did not postpone the military and civilian buildup, but the lack of an existing structure complicated the task of coordination between the U.S. military and civilian elements operating in Vietnam. It is significant to note that the temporary AID organization to plan and conduct civil sector logistic operations in support of military contingencies is unique to Vietnam; the capability does not exist for any other world area. Based on the coordination difficulties encountered in Vietnam, it would appear that

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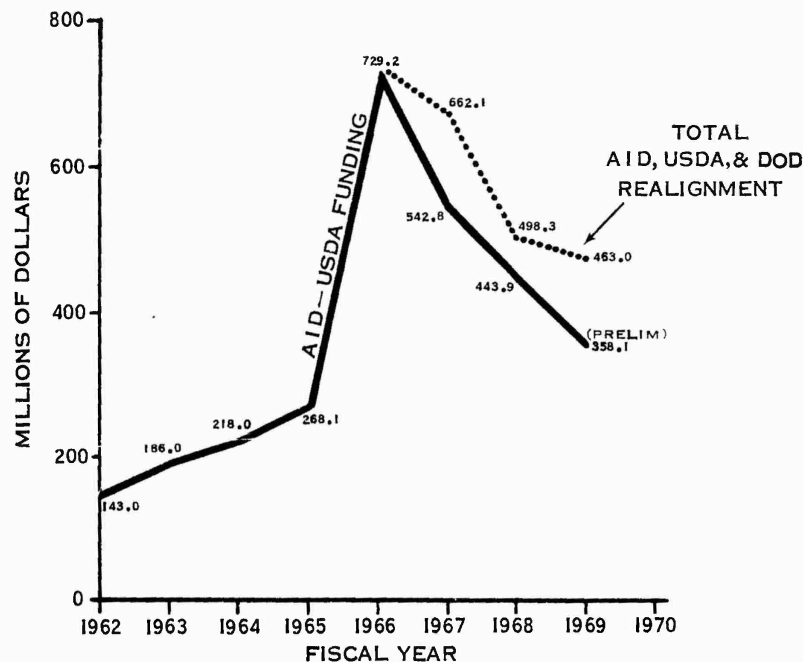


FIGURE 2. AID-ADMINISTERED ECONOMIC AID TO RVN  
(INCLUDING FOOD FOR FREEDOM)

Sources: USAID, U.S. Overseas Loans and Grants and Assistance From International Organizations, May 1969.  
OASD(Comp), Memorandum, subject: AID/DOD Program Realignment (U), 5 Feb. 1968 (CONFIDENTIAL).

governmental agencies engaged in AID activities should create and train a field staff that can operate both at home and abroad within the framework of the ongoing military logistics organization.

(c) As the U.S. presence grew, logistic support of troops drained the local market of goods, services, and manpower, thereby placing significant inflationary pressure on prices. As military forces and operations continued to expand, the civilian sector of the Vietnamese populace was beset with economic and social problems that increased exponentially. Loss of normal civilian production, congregation of refugees in secure and heavily populated areas, high-density centers of population, and relatively full employment were the classical precursors of social chaos. These factors combined to accentuate the immediate requirement for food importation and the necessity to control inflation through provision of outlets for individual discretionary piasters. Owing to the reluctance of the GVN to make its own foreign exchange available in appropriate amounts for imports, the situation worsened. The role of the AID mission thus evolved to filling the gaps between the capabilities of the GVN (to provide goods, services, and funds) and the needs of the Vietnamese society. Civilian requirements were skyrocketing but the GVN and commercial organizations, through which most of AID's programs were administered, were being overwhelmed and were coming to a standstill because of the lack of management capability, shortages of manpower, and bureaucratic GVN controls.

### (3) Problem

(a) The basic logistic problems presented by the U.S. decision to meet the threat to the GVN are reasonably simple to state. The Republic of Vietnam (RVN) was in the embryonic stages of development. Its limited indigenous logistic resources, its commercial and Government distribution systems, and the lines of communications had been interdicted by the

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VC, and the rate of interdiction was ever increasing. The rice crop was subject to VC capture or destruction. In short, the elements required to sustain an economy and population were rapidly moving beyond control of the Government. The massive amounts of men, material, and money required to meet the threat were simply beyond the capability of the physical and managerial environment of the RVN to accept.

(b) Major construction, improved security, and GVN restructuring were required if the assistance assets to be supplied were to be employed with any effectiveness. The financial burden of this entire support program rested on the American taxpayer. It was therefore incumbent upon the military and civilian managers of U.S. efforts in Vietnam to coordinate their actions to achieve the best possible results with the assets entrusted to them.

(c) Three areas requiring interface and coordination are pertinent to the assistance of the Vietnamese: political, military, and socio-economic. This chapter examines coordination in these areas.

**2. POLICY LEVEL RESPONSIBILITIES AND INTERFACE.** The chain for delegation of responsibility and authority for the conduct of U.S. foreign affairs has three basic links.

a. The first is the Constitution, which empowers the President to negotiate treaties and agreements, to recognize new states and governments, to declare and formulate policy, to nominate or appoint diplomatic officials, and to exercise other authority granted to him in various statutes.

b. The second link is congressional statutes. In considering foreign aid, The Foreign Assistance Act of 1961, as amended, and the annual appropriations acts for AID, Food for Freedom, and DOD are the primary sources of congressional direction. The Foreign Assistance Act says, in part, "Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of economic assistance and military assistance programs ... to the end that such programs are effectively integrated both at home and abroad..."<sup>2</sup> This act also voices the consensus in Congress that U.S. "... foreign aid funds could be utilized more effectively by application of advanced management decisionmaking and information and analysis techniques..."<sup>3</sup> The President is charged with the establishment of "... a management system that includes: the definition of objectives and programs for United States foreign assistance; the development of quantitative indicators of progress toward these objectives; the orderly consideration of alternative means for accomplishing such objectives; and the adoption of methods for comparing actual results of programs and projects with those anticipated when they were undertaken."<sup>4</sup> The assets required for the conduct of U.S. foreign aid programs are provided through annual authorization and appropriation acts.

c. The third and final link rests exclusively in the executive branch. The general responsibilities and authorities have been delineated by the Constitution and statutes. The President implements his policies and programs through Executive orders and memorandums. Through these vehicles, AID has been established and charged with responsibility for administering all economic assistance and the Food for Freedom Program. The DOD responsibilities are defined in The Foreign Assistance Act of 1961. The Presidential memorandum of 27 May 1961, discussed in paragraph 1 of this chapter, described the working relationship between U.S. administrators in the field from the outset of the Vietnam War until 1969. Figure 3 depicts the relationship between these elements of the U.S. executive branch.

## 3. INTERFACE MODIFICATIONS FOR VIETNAM

a. In May 1964 the Military Assistance Advisory Group, Vietnam, was consolidated with the Military Assistance Command (MACV). At this point MACV was attached to the U.S. diplomatic mission and met the criteria of the Presidential memorandum for supervision of its

<sup>2</sup>U.S. Congress, Senate, The Foreign Assistance Act of 1961, Public Law 87-195, 87th Cong., 1961, S. 1983, as amended, sec. 622(c).

<sup>3</sup>Ibid., sec. 621A(a).

<sup>4</sup>Ibid., sec. 621A(b).

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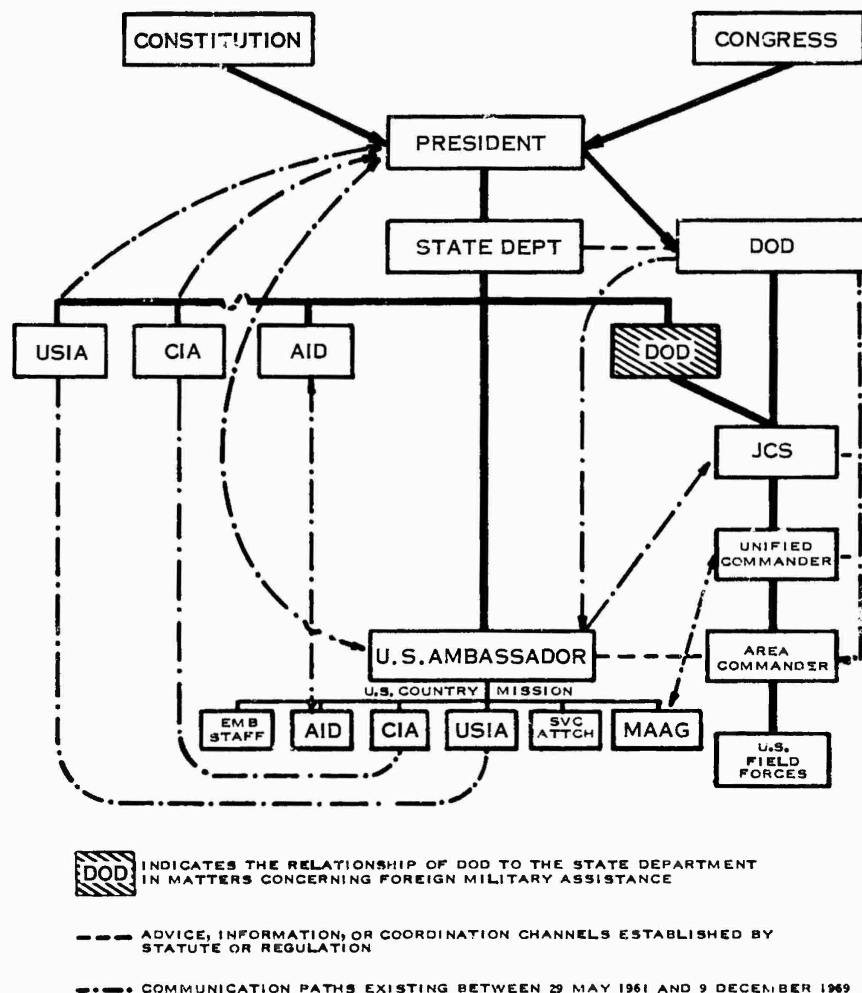


FIGURE 3. ORGANIZATION AND COMMUNICATION CHANNELS  
FOR U. S. GOVERNMENT OVERSEAS OPERATIONS,  
29 MAY 1961 — 8 DECEMBER 1969

activities by the Ambassador to RVN. In July 1964 the Mission Council, a policy-formulating body chaired by the Ambassador, began meeting formally to coordinate the increasingly complex multiagency activities in Vietnam. The membership of this group covered the spectrum of U.S. activity: the chiefs of the economic and political sections in the embassy, the country directors of AID and the U.S. Information Service, the Special Assistant to the Ambassador, and the Commander of the U.S. Military Assistance Command (COMUSMACV). In theory, the lines of communication for all activities ran through the Ambassador to Washington and to the GVN. In reality, however, several operating agencies had direct lines of communication to their Washington headquarters, as shown in Figure 3.

b. With the introduction of major U.S. combat units in Vietnam in 1965 the existing relationships underwent changes to align the new situation with the Presidential memorandum direction. COMUSMACV was in a dual role. On the one hand he reported to (and through) the Ambassador on military assistance matters, but on the other his responsibility for U.S. forces under his command was to the Commander in Chief, Pacific (CINCPAC), the Joint Chiefs of Staff (JCS), and the Secretary of Defense. In the event of conflict between military and other U.S. activity considerations, the Ambassador and COMUSMACV could each carry their arguments to

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the Secretaries of State and Defense, respectively; and if irreconcilable at the Secretarial level, to the President for resolution.

c. As the U.S. presence in Vietnam grew, new requirements increased exponentially. Staffs in both the military and the civil sectors of U.S. operations were radically enlarged to meet the increased flow of paper, men, materiel, and money. Filling these new staff positions was a herculean task; the human resources needed were either being applied in other areas or simply not available within the U.S. Government. Unfortunately, the ever-increasing firm requirements for materiel could not await identification and application of the right man to the right job. Plans had to be made, coordination had to occur (both within the U.S. mission and between the mission and the GVN), and materiel had to flow through facilities that were, at once, not equal to the task and under control of the GVN. On-the-scene demand outpaced the availability of assets in virtually every area except funding. The volume of business soon exceeded the capacity of the Mission Council to direct in detail, but formal working-level coordination of programs was to await establishment of such groups as the Joint MACV/USAID Logistics Coordinating Committee (October 1966) and the Office of Civil Operations (November 1966).

d. The introduction of FWMAF was predicated on country-to-country diplomatic negotiations, and their arrival in Vietnam added yet another dimension to the interface and coordination tasks of the U.S. mission. The FWMAF presence resulted from a Vietnamese request for assistance, yet the United States had guaranteed logistic support. Thus the mission was faced with the distribution of logistic assets between U.S. forces, the Vietnamese forces, the FWMAF, and civil sector requirements.

e. The aspects of this arrangement give pause when considering the efficient application of resources. The first is responsiveness—the socio-economic nuances of the situations resulting from combat operations are difficult to convey halfway around the world through at least two communication channels. The second area of concern is the degree of detail that Washington insisted on directing.

### 4. ADEQUACY OF FOREIGN ASSISTANCE COORDINATION AND ITS LOGISTIC IMPACT.

The review of three functional areas—requirements determination, funding, and transportation and Port of Saigon operations—will provide an insight into the development of interagency and intergovernmental interfaces in supporting the U.S. efforts in Vietnam. Each of these cases demonstrates the positive aspects of U.S. policies, procedures, and organizations; yet changes occurred through evolution that represent lessons learned for possible application in future contingencies. Once the decision was made to meet the VC threat through commitment of U.S. and free world combat forces, the personnel buildup and level of military activity increased at a phenomenal rate. Civil sector requirements followed the military escalation almost immediately at this time. The requirements of Vietnam were superimposed on a peacetime U.S. economy. Although these requirements developed incrementally, the initial and sizeable increment did not allow orderly transition of industry from its consumer orientation to military production. Neither did this first increment allow the normal lead times for acquisition and distribution of the materials to their end users in Vietnam. Follow-on materiel requirements were generated at a rate that exceeded the rate of troop deployment. The manufacture, shipment, and receipt of the resultant materials had to be accomplished in a peacetime economy. Neither the United States nor Vietnam saw fit to mobilize to meet the threat.

a. Requirements Determination. Assistance to Vietnam consists of two elements: military and civil.

#### (1) Military

(a) The very presence of U.S. forces was military assistance, but for this review, military assistance to the Vietnamese focuses on support of their indigenous armed forces. A basic premise, applicable in Vietnam, is that underdeveloped nations are incapable of raising and logistically supporting effective armed forces without outside assistance. Prior to the introduction of U.S. and third-country forces, the RVNAF were exclusively responsible for the defense of the GVN; during this period their logistic requirements were essentially met through the

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Military Assistance Program (MAP). As foreign forces were introduced, the RVNAF assumed a pacification role and their requirements were assigned lower priority than those of the U.S. forces. Later, as they expanded and reassumed their combat role, requirements again accelerated. There were three distinct periods associated with constraints in RVNAF requirements determination: the early MAP, the U.S. preeminence, and Vietnamese improvement and modernization. These varying situations made all associated foreign assistance requirements highly changeable. Requirements utilized in budget generation were often overtaken by events, and deliveries were made against entirely different requirements. Failure of the GVN to mobilize until 1968 made accurate determination of requirements nearly impossible. During the early expansion of the RVNAF, U.S. tables of organization and equipment (TOE) were applied to new units, as an expedient, without proper consideration of the requirements of the new units, which resulted in delivery of unneeded equipment. This problem has been recognized, and MACV and the Services have begun tailoring U.S. TOE to reflect requirements peculiar to the RVNAF. What is needed, however, is a fundamental definition of each RVNAF unit's mission and task assigned and its place in the RVNAF organization. From this foundation entirely new TOE should be generated to properly address the desired levels of effectiveness and economy.

(b) The introduction of FWMAF to Vietnam, as previously stated, was almost entirely subject to U.S. logistic support of the deployed units. With the exception of about 10 percent of the FWMAF in-country (the Australian and New Zealand forces), these forces had been MAP supported. Their MAP-provided TOE materiel required replacement to ensure compatibility with their U.S. counterpart's logistic systems. Negotiations to determine the role of these forces in Vietnam delayed definition of the equipage required. Thus, their requirements were generally unknown until the eve of deployment. A side effect of FWMAF deployment to Vietnam was a theoretical reduction in forces available to deter threats or defend their parent countries. Consequently, the U.S. Government was highly vulnerable to, as an example, Korea's requests for continued MAP support of three divisions scheduled for phaseout, for deferral of the program to transfer military operating costs from the MAP to the Government of the Republic of Korea (ROK) budget, and for the additional hardware programs generated in response to the 1968 North Korean incidents. As will be discussed in detail later, the military assistance hardware and fiscal requirements in Vietnam soon overran the capability of the MAP.

### (2) Civil

(a) In 1964 and early 1965, worsening conditions in the civil sector were recognized, but budgetary and staff limitations keyed U.S. assistance to relatively low levels. The AID supporting assistance budget for Vietnam, exclusive of military assistance and Food for Freedom, went from a nominal \$159 million in FY 64 to \$584 million in FY 66—an increase of 3.5:1.<sup>5</sup>

(b) Factors used in the generation of civil sector requirements initially were of questionable validity. In determining commodity requirements, there was no place where the past price, demand history, stock on hand, stock due-in, stock due-out, and receipts for an item were tied together for analysis by AID. Consequently, requirements generation suffered from the absence of a data base. One of the most serious deficiencies in our assistance program was the lack of adequate information concerning food needs, in-country food production, and distribution. Without these data, the GVN, commercial importers, and USAID were able to do little more than make crude estimates as to which commodities, in what quantities, would be needed 6 months hence.

(c) The U.S.-supported civil sector commodity program has consisted of two parts. The first was comprised of commercial and Food for Freedom commodities imported for resale in the market place as an inflation controlling device. The only U.S. Government constraints on commercial imports consisted of dollar guidelines, identification of surplus agricultural commodities, and a listing of commodities that were specifically excluded from the program. Consequently, these requirements were based on commercial importers' determinations

<sup>5</sup>USAID, U.S. Overseas Loans and Grants and Assistance From International Organizations, Obligations and Loan Authorizations, July 1, 1945-June 30, 1968, May 1969.

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of how much of a given commodity they could sell at a profit. The second category consisted of commodities imported for no-cost distribution in support of the counterinsurgency effort and in relief of refugee suffering. The needs of voluntary agencies were determined by each agency and forwarded to USAID for consolidation. The bulk of the counterinsurgency program was administered through five GVN national programs. Requirements were determined by AID in conjunction with the GVN on the basis of the numbers of organized units and the quantitative allowance for each unit in the TOE.

(d) As the program was developed through 1966, all requirements were forwarded to AID, Washington, and the U.S. Department of Agriculture (USDA) for a review that was largely perfunctory. Both AID, Washington, and USDA personnel initially felt they must approve the requirements as presented. This remains essentially true today; however, AID in its advisory role exercises much more influence over the GVN and consequently over the development and import licensing of these requirements.

(e) As an area of major concern, there appears to be very little interface in requirements generation between the civil and military sectors. As an example consider the following: "USAID appears to be unable to develop realistic requirements and to anticipate new developments. For example, large new military developments are forecast around Nha Trang. This will increase the number of refugees, cause inflationary strain, open up new areas, and in general stimulate the volume of USAID requirements. In discussion of these prospects with the Regional Director and his logistics assistant, it appears that no special plans have been made for these developments."<sup>6</sup> This statement refers to the situation in 1966 and 1967, but interviews in January 1970 in the program offices in the Office of the Secretary of Defense (OSD) and AID, Washington, indicate that much the same lack of coordination exists in the Vietnamization program (at least at the Washington level).

(3) Role of the GVN. The role of the GVN in requirements determination is important. For every functional area where U.S. assistance has been rendered there is an element of the GVN responsible for support of that segment of Vietnamese society. In the case of military assistance, the individual Vietnamese services and finally the Joint General Staff of the RVNAF are charged with development and approval of requirement plans before these plans are presented to their counterparts for U.S. approval and implementation. Analogous relationships exist everywhere in the civil sector. In short, the role of the U.S. advisor is to diplomatically temper and match these requirements to the total U.S. assistance program. Considering the magnitude and diversity of this program, the task of coordination is monumental.

### b. Funding

(1) Prior to 25 March 1966, the support of FWMAF and RVNAF was accomplished under the Foreign Assistance Act. By early 1966, it had become apparent that the increasingly austere funding levels and the inherent constraints of MAP procedures were no longer adequate for or compatible with the expanded operational role assumed by FWMAF and RVNAF in Vietnam. Consequently, the executive branch requested that Congress make available Service appropriations for support of selected foreign forces in SE Asia. Effective 25 March 1966, when the President signed the FY 66 Supplemental Authorization Bill, the U.S. military Services assumed fiscal responsibility for this logistic support. The new authority was termed Military Assistance Service Funded (MASF) and included the transfer of unexpended FY 66 and prior-year Vietnam military assistance grant aid funds to military Service appropriations. As an adjunct to the shift from MAP to MASF, military assistance management responsibilities were transferred from OSD to the Services.

(2) The FY 67 AID appropriation for supporting assistance in Vietnam dropped almost \$100 million from its FY 66 level. On 30 November 1966, the Secretary of Defense issued a memorandum assigning responsibility for programming, budgeting, and funding certain militarily essential AID programs and services to the military departments effective 1 July 1966.

<sup>6</sup>Steering Committee of Interested Agency Representatives, Logistic Support of AID Programs in Vietnam (U), Unpublished DOD, AID, and BOB Report, October 1966, p. 79 (SECRET).



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Under this realignment some programs were transferred entirely to DOD, whereas others were simply DOD funded and AID executed.

(3) The U.S. economic assistance to RVN consists of a variety of projects to help with extraordinary security burdens and to maintain economic stability. Administered by AID, some of the funds are provided under the foreign assistance appropriation and are termed supporting assistance. Additionally, AID manages Food for Freedom, a program to combat hunger and malnutrition and to encourage economic development. This program is funded by the USDA under authority contained in the Agricultural Trade Development and Assistance Act of 1954, as amended, Public Law 480, and subsequent Executive orders. In addition, Presidential contingency and covert funds were available for application as required.

(4) In FY 65 the Vietnamese assistance program had three basic fund sources (MAP, Foreign Assistance, and Food for Freedom), and by FY 67 these basic fund sources had been subdivided into 11 sources. Complicating the multiplicity of sources were the accompanying shifts in financial management responsibilities and their attendant differences in technique. An additional complication was the coordination required to manage expenditure of one agency's funds by operators beyond its control. Foreign assistance fund sources were fragmented to ensure adequate and responsive funding. This has, however, resulted in a lack of total program visibility, an ill-defined assignment of management responsibility, and the merging of the costs of foreign assistance to Vietnam with the regular Service budgets. Since the General Accounting Office (GAO) has recommended uniform accounting procedures for contractors doing business with DOD, it would seem appropriate to implement the management systems and techniques prescribed by Section 621A of The Foreign Assistance Act of 1961, as amended, which is defined in paragraph 1 of this chapter.

### c. Transportation and the Port of Saigon

(1) As the buildup progressed, materiel began to flow to Vietnam. Neither the Military Sea Transportation Service (MSTS) nor the U.S. Merchant Marine was prepared to accept the volume of military and civilian cargo being exported; nor were there adequate port capacity, warehousing, or distribution facilities once the materiel arrived in Vietnam.

(2) One of the most acute logistic problems facing the U.S. Government during the early buildup in Vietnam was the movement of materiel to and through the Port of Saigon.

(3) Two basic categories of cargo have been imported to Vietnam: military and civilian. Responsibility for movement of military cargo clearly rests entirely within DOD. Civilian or commercial cargo, however, represents a somewhat different problem. In this case there are five classes of commodities: AID-financed commercial import program (CIP); Food for Freedom; AID counterinsurgency commodities (CI), which include all other AID-financed cargo; other U.S. civilian agency imports; and imports by the GVN and private sector using their foreign exchange.

(4) In October 1965 AID and MACV reached an agreement that provided for military transportation of military-essential AID cargo from either U.S. or other (principally Western Pacific) ports of origin. Military-essential AID cargo is that cargo determined jointly by AID and MACV to be sufficiently important to the counterinsurgency effort in RVN to warrant more expeditious movement than commercial transportation would provide. Such AID cargo had, therefore, been given Military Standard Transportation and Movement Document (MILSTAMP) priority and was introduced, under U.S. Army sponsorship, into the military transportation system for movement by Military Airlift Command (MAC) or Military Sea Transportation Service (MSTS). A standard procedure for implementing this agreement was formulated and agreed on by AID, Washington, and DCD in June 1966. The amount of cargo generated under this provision has been small, and transportation of AID-sponsored cargoes to RVN prior to 29 August 1966 was arranged in most cases by the supplier or his agent.

(5) Most AID procurement contracts were of the cost, insurance, and freight category. This meant that the supplier agreed to arrange transportation of the commodities he



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supplied to the port of discharge and included the transportation costs in the contract price. In the case of the counterinsurgency projects program and other U.S. civilian agency imports, most transportation was arranged through contract between shippers and the General Services Administration (GSA). The Defense Supply Agency (DSA), military Services, USDA, and private contractors, however, also arranged transportation for the goods they supplied. Since the CIP involved private ownership of the commodities, transportation for most of these goods was arranged by private commercial suppliers. Major exceptions include GSA arrangements for shipment of consolidated procurements it made for the CIP, USDA procurement of shipping for CIP rice furnished under the Food for Freedom program, and the individual U.S. supplier or his agent arranged transportation of CIP Food for Freedom commodities other than rice. Transportation of Food for Freedom commodities destined for no-cost distribution through either the counterinsurgency projects program or voluntary agencies was arranged by USDA.

(6) Except for the movement of military-essential AID cargoes, which could move through the military transportation system, and those cargoes transported on ships and coasters AID has chartered, the transportation of AID-sponsored commodities was effectively arranged on the open commercial shipping market. During the period 1 August 1965 to 29 August 1966 there was no system in AID where transportation data (such as tonnage of commodities, by program, port of origin, and shipping time) were assembled. Neither was there a system for establishing priorities among all AID cargoes, among AID cargoes for RVN and other countries, nor between AID cargo and military cargo. As U.S. flagships became more heavily committed, there was competition for these scarce resources between MSTs, USDA, GSA, and individual commodity suppliers exporting to Vietnam. Further, each of the intended recipients of these cargoes claimed his shipment was of the highest possible urgency. As a result, three U.S. Government agencies and an unknown number of private shippers simultaneously embarked vast and uncontrolled quantities of cargo for discharge in a single, antiquated port. Although shortages in ship availability were a problem in themselves, they were perhaps a blessing in disguise; the discharge port was saturated even with the limited numbers of ships available.

(7) An agreement between DOD and AID, Washington, of 29 August 1966 made provisions for movement of AID-sponsored cargoes consigned to the GVN via MSTs. Generally, AID has offered only CI general cargo to MSTs for booking. This agreement accounted for AID cargo arriving mixed with military cargo on MSTs-originated ships. It should be noted that Food for Freedom bulk cargo, by AID practice, has been and continues to be transported on commercial manifests and not in MSTs interest ships. With the exception of the differential between U.S. and foreign flag shipping, all ocean transportation costs for Food for Freedom commodities sold in the market place are paid for by the GVN. The various agreements do, however, provide for AID to utilize MSTs interest ships for this purpose, if desired.

(8) In the case of contingency military operations there appear to be many advantages to the U.S. Government in exporting all U.S. force and assistance cargoes in a common transportation system. Proper application of a priority system that addresses the total U.S. program would ensure expeditious shipment of urgently needed materials. Shipments of high-tonnage items could be time phased and cargoes of relatively lower priority could be held back. Data could be accumulated, which would assist in determining pipeline status and times and location and movement status of shipments. A common-user system would provide better utilization of ships, terminals, and other resources. Uniform documentation and data availability would make possible more efficient terminal planning and management at both ends, result in reduced waiting and working times of ships, allow more effective distribution of cargo among the recipients, and reduce costs.

(9) Even if a common-user transportation system were developed, CIP, privately imported, and GVN cargoes would present a problem. In the case of both CIP and private importation there is commercial ownership and title to the goods. Aside from the autonomous role of the GVN in import licensing and customs and port operations, there would be a significant legal and political question regarding liability if these cargoes were introduced in a common-user U.S. transportation system. Another consideration is cost. The AID-sponsored cargoes are essentially limited to movement by U.S. flag carriers. Importation by either the GVN or private importers using their foreign exchange is not subject to such limitation and they will seek the

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lowest cost level available in the world transportation market. The best answer to these problems is close coordination and interface between the GVN and their U.S. logistic advisors.

(10) The net effect of U.S. activity acceleration in 1965 and 1966 was the simultaneous arrival at Saigon of vast amounts of cargo. In 1965 the Port of Saigon was the only year-round port in Vietnam with deep-draft pier facilities except for a small pier at Cam Ranh Bay constructed in 1964 under the MAP. There were ten Government and three commercially owned piers and associated transit sheds in the complex. The Port of Saigon was and is controlled and operated by the GVN in its role as an autonomous government. Aside from the GVN role in port operations, factors such as its practices in licensing of imports, establishment of import duties, collection of customs, and establishment of price ceilings for resale of commercially imported goods (AID-financed, CIP, and privately financed) proved to have indirect effects in clearing cargo through the port.

(11) The Port of Saigon had a rate structure dating back to 1955, which was reportedly totally inadequate. Since stevedores made little money unloading cargo at the official rates, they made it up through subterfuges such as "cargo watching," which impeded the flow of cargo. Ships were paying only about \$10 per day for berthing. Stevedoring of general cargo in the commercial sector of the Port of Saigon was accomplished by hand. Warehouses and hardstands were stacked haphazardly with no thought given to methodical storage to permit ease in location of goods. Unrealistically low warehouse tariffs and barge rentals at the port contributed to the congested situation. The transit sheds and surrounding areas were intended to serve only as "inspection-classification" areas for GVN customs. However, as an example of indirect GVN effect on port operations an importer might request an import license for a quantity of a given commodity. His request would be based on knowledge of market conditions, commodity price, import duties, and selling price restrictions, if any—in short his ability to make a profit. If, as happened in the case of fertilizer, the GVN raised the import duty and lowered the sales price ceiling after issuing an import license, the importer might find himself with a contract for goods that would retail at a price that would result in less profit than anticipated or a loss greater than his initial investment. In this case he might simply decline to move the goods out of the port expeditiously and pay the relatively nominal charge for transit sheds and barges. Since customs duties were not payable until commodities were processed and since adequate warehouse space in the Saigon-Cholon area was scarce and expensive, when available, this ploy allowed him time to lobby for lower duties or increased price ceilings. If unsuccessful he might simply abandon the goods rather than add the cost of customs duties to his loss. Had the GVN enforced a decree providing that any commodities not cleared through customs 30 days after discharge would be confiscated and sold at auction, the impact of this problem might have been minimal.

(12) The Central Procurement and Supply Authority (CPSA), an element of the GVN, was charged with receipt, port clearance, and delivery to first destination of most non-CIP, AID, and GVN cargo. Initially, CPSA was considered a weak and understaffed organization. Because of various restrictions, CPSA had not been able to secure sufficient trucks and equipment or to pay adequate amounts for stevedores. For these and other reasons, the clearance of CPSA cargo was limited to a single shift. Coordination problems even occurred in getting CPSA cargo out of customs sheds, despite the fact that no customs were due; AID and CPSA simply did not have sufficient personnel to supervise and expedite operations.

(13) Customs problems were not limited to Vietnamese imports. The entire spectrum of U.S. Government-owned material imported to Vietnam entered the country tax free under provisions of the 1950 Pentilateral Agreement between the U.S., France, Cambodia, Laos, and Vietnam. Nevertheless, overzealous customs inspectors attempted to impose duties on these goods often enough for the question to become the subject of diplomatic negotiation and of specific directives regarding required actions by U.S. operators when such attempts were made.

(14) In summary, the combination of explosive increases in import levels, lack of U.S. export coordination, antiquated facilities, and lack of coordination between various GVN agencies

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brought the port to its knees. As a result of the rapid buildup, by February 1966 it was almost impossible to get a truck through the mountains of cargo stacked in the commercial port.<sup>7</sup>

(15) The problem of port congestion was foreseen by the U.S. community and was in fact addressed by the CINCPAC Joint Transportation Board (JTB) as early as August 1965. As seen from military eyes, the problem centered on the inability to define AID and other civilian importation levels and measure their impact on military throughput requirements. Despite reasonably early identification of this dilemma, CINCPAC did not then, nor does he now, have an AID logistics representative to apprise him of civil sector requirements and activity. The direct action to clear the port of congestion occurred informally between the interested parties in Vietnam in response to an untenable situation. As time passed, the informal coordination efforts were formalized in memorandums of understanding (MOUs), Interservice Support Agreements (ISSAs), and other documents. Those documents, which have been identified and examined in preparing this review, are enclosed in Appendix A of this monograph to serve as a reminder of this problem in possible future contingency operations. However, coordination and cross-servicing in the area of port operations did not cure the situation. That cure was to await development and construction of additional ports.

(16) In the early days of the buildup, about 80 percent of all commercial cargo and 30 percent of the military cargo imported to RVN moved through the Port of Saigon. At this time, the port handled about 2.75 million short tons of cargo annually. By June of 1966 cargo handling at the port had increased about 80 percent to almost 5 million short tons annually. Equally significant was the fact that 60 percent of the cargo arriving at Saigon in mid-1966 was manifested to commercial rather than military consignees. Further projections through the end of 1966 indicated shortfalls in port capability. It was, therefore, imperative that the military logistic managers coordinate ship arrivals with their civilian counterparts, both in AID and in the GVN, if priority requirements were to be met.

(17) It was obvious, even before the tonnage projections had been fully developed, that positive action was required to clear the congestion before port operations ground to a halt. In June 1966 it became apparent that one of the bottlenecks was the inability of CPSA to properly carry out or discharge responsibilities. The AID entered into negotiations with the GVN to allow the U.S. military to assume the port area responsibilities of the CPSA. Accord was reached on 4 July 1966 when AID signed a formal agreement with the GVN Ministry of Economy and Finance. This agreement assigned responsibility to the U.S. military for discharge, customs clearance, in-transit storage, and transportation to first destination for all AID-financed or -sponsored cargo consigned to CPSA. It also authorized the U.S. military to advise and actively assist in discharge operations in the portion of the port through which non-CPSA commercial cargo moved.

(18) On 5 July 1966 the GVN appointed a new Director General for Port Authority and subordinated the Director of the Port of Saigon to him. On that same day COMUSMACV assumed clearance responsibility for all AID-financed cargo consigned to CPSA. This responsibility was delegated to the U.S. Army, Vietnam, 4th Transportation Terminal Command (4th TTC), and on 25 July 1966 an MOU between the 4th TTC, AID, and CPSA reiterated and confirmed the 4 July agreement.

(19) The role of the Commanding Officer of the 4th TTC was threefold: with respect to overall operation of the port he was to work with the Director General for Port Authority and advise the Saigon port director; with respect to that portion of the port through which military and CPSA cargo moves he was to operate directly; and finally, he was to actively advise and assist in discharge and clearance operations in that portion of the port through which non-CPSA commercial cargo, CIP, and private importers' cargo was moving. The Army proceeded to make many changes and quickly cleared out the backlog of CPSA cargo. The Army's success was based on selective hiring and close supervision of stevedores at all key points (including in the hatches) by trained Army personnel, around-the-clock operations, and provision of adequate amounts of equipment and trucks.

<sup>7</sup>Clifford L. Frink, Deputy Assistant Director for Logistics, U.S. AID Mission, Vietnam, Interview held at Saigon, Vietnam, 8 September 1969. (Mr. Frink was the senior AID advisor to the Director of the Port of Saigon during the period in question.)

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(20) The Director General for Port Authority formed a task group of GVN, AID, and U.S. Army representatives to study and make recommendations for improvement in administration and operation of the Port of Saigon. The task group submitted recommendations in three major areas in July and August 1966. The first was a proposed tariff designed to give stevedores, agents, and owners an incentive to move cargo expeditiously. The new tariff was also designed to provide the port director additional funds for maintenance and improvement of the facilities. The second recommendation was to establish joint documentation and planning activities to augment the port director's skeleton staff. The final recommendation addressed the poor condition of the physical plant and called for repairing, refacing, and resurfacing certain key areas and improving the lighting so that the port could be safely worked at night and so that maximum advantage could be taken of material-handling equipment. Implementation of the task group's recommendations further hastened the port's return to effectiveness.

(21) With the establishment of the Joint MACV-USAID Logistics Coordinating Committee in October 1966, coordination between military and civilian cargo recipients began. At best, it appears that before this time priorities and allocations of incoming materials were established by the harbor master, an employee of the Saigon Port Authority, after considering the urgings of USAID representatives, local agents of commercial shipping lines (which transport both CIP and other commercial cargo), and U.S. Army representatives.

(22) On 29 August 1966 a departmental level DOD and AID, Washington, agreement was drafted expanding the military role in transportation of AID cargo and reaffirming the earlier field agreements regarding military discharge and port clearance responsibilities. In October 1966, a more definitive in-country agreement between the GVN, AID, and U.S. Army, Vietnam (USARV), assigned handling responsibility for all U.S.-interest cargo to USARV. The GVN agreed to release U.S.-interest cargo to USARV upon receipt, by customs, of a Transportation Control and Movement Document (TCMD). This agreement also brought military activity address codes to all AID and GVN agencies.

(23) A MACV-AID agreement of 1 December 1966 made provisions for AID to reimburse MACV for all contractual costs associated with discharge and clearance of AID-sponsored cargo. The AID has been billed on the basis of the number of measurement tons handled. Costs per measurement ton have been computed by averaging all contractual terminal and drayage costs into the total (USAID and military) measurement tons handled. By administering reimbursement on this basis, rather than on a commodity basis, a comparatively minor accounting burden was placed on the military. The system, however, resulted in USAID experiencing a great deal of difficulty in attempts to recoup these costs from the GVN. By averaging costs, charges for handling bulk commodities such as rice, which are cleared by barge, were comparatively too high. Charges for handling general cargo, which was cleared by truck, were comparatively too low. The CPSA was only an intermediary for other GVN agencies who must, in turn, recoup their costs from the various GVN agencies they served. The USAID-MACV system of averaging handling costs made it difficult for CPSA to distribute handling costs equitably among the various financially autonomous GVN agencies.

(24) Despite the fact that the 4th TTC began operating the port on 5 July 1966, lack of agreement over terms of reimbursement delayed signature of in-country agreements until 15 June 1967. By this time additional ports, including the U.S. Army's Newport, had started to become operational, relieving some of the pressures on the Port of Saigon. The problems experienced in recouping handling costs from CPSA prompted the Director of the AID Mission in Saigon to send a memorandum to COMUSMACV on 10 May 1967 recommending return of discharge and clearance responsibility for CIP Food for Freedom bulk rice to the GVN. The COMUSMACV agreed to the return of responsibility, effective 1 August 1967.

(25) Negotiations concerning the entire subject of USARV reimbursement for its non-military port activities continued within the U.S. Government and an MOU between the Department of the Army and AID, Washington, to establish broad guidelines relative to reimbursement procedures was signed on 25 May 1967. On 15 June 1967 an ISSA between USARV and AID established the operating procedures that were to be used to effect reimbursement for cargo handling.

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(26) On 14 July 1967, the Ministry of Economy and Finance informed the Director, CPSA, by memorandum, that the GVN would resume responsibility for discharge of rice effective 1 August 1967. The Director, CPSA, relayed this direction to the 4th TTC by memorandum on 31 July 1967 and, in effect, officially relieved the military of those portions of previous agreements relating to the discharge and clearance of Food for Freedom rice. On 11 August 1967 the SS STEFANOS arrived in Saigon with a mixed shipment of PL 480 rice and corn. The 4th TTC recommended that CPSA discharge the entire ship even though the return of responsibility agreement had pertained to only rice. In coordination with AID, MACV determined that CPSA was able to and CPSA did establish the precedent of handling mixed shipments of food products by working the SS STEFANOS.

(27) On 25 August 1967, MACV sent a letter to the Director, CPSA, confirming oral agreements pertaining to return of responsibility for handling mixed shiploads of food products. The letter also recommended CPSA initiate planning for gradually assuming responsibility for all Food for Freedom commodities, including the nonfood items. The Secretary of Defense, in a message on 29 August 1967 to the American Embassy, Saigon, requested that plans be made for return of responsibility to the GVN for discharge and clearance for all USAID-sponsored cargo. On 8 September 1967 CPSA responded to the 25 August MACV letter stating that it was prepared to assume responsibility for handling all Food for Freedom cargoes effective 10 September 1967. The AID provided a coordinated MACV-USAID message reply to the Secretary of Defense's message of 29 August 1967. The response stated that return of responsibility had already begun with the turnover of all Food for Freedom foodstuffs and indicated that future turnover would be as determined by the Joint MACV-USAID Logistics Coordinating Committee. On 9 October 1968, AID and the 4th TTC, acting as the action agent for USARV, signed a formal agreement delineating shifts in responsibilities for cargo clearance of USAID-interest general cargo and vehicles at the Port of Saigon. The Vietnamese National Railroad (VNRR) was to be responsible for movement of general cargo under an AID contract. A CPSA contract with the VNRR was negotiated for clearance of vehicle cargoes.

(28) Beginning on 19 November 1967, CPSA began discharging and clearing full shiploads of Food for Freedom and/or counterinsurgency cargoes. Thus, by late November 1969, except for general cargo arriving mixed with military cargo on either MSTs ships or on commercial liners, all responsibility for AID-interest cargo had been returned from the U.S. military to the GVN.

(29) Complete turnover will be accomplished when CPSA has resumed responsibility for discharging all USAID-interest cargo. This has not been considered practical so long as the cargo arrives mixed with military cargo in MSTs ships; USARV continues to discharge USAID-interest cargo arriving in U.S. military bottoms. The U.S. Army presently loads means of drayage for USAID's contractor carriers, prepares documents for the transfer of these cargoes (which are receipted for prior to leaving the military area), and clears the cargo through customs. However, at present the U.S. military has no responsibilities for the customs clearance, discharge, and onward movement of CIP, AID, CPSA, and VNRR cargo documented on commercial bills of lading.

(30) A multitude of agencies and programs have been involved in the port congestion problem. The participants extended from backwater Vietnamese villages to the heart of the Departments of State and Defense. Once the problem had become fact, there was no time to systematically identify and coordinate the activities of all the interests bearing on port operation.

(31) The role of GVN autonomy in the port problem cannot be over emphasized. The most obscure functionary could affix his signature to a commodity price control document and stop movement of that commodity through the port. Customs officials could delay release of imported goods. The port director could feel his fieldom infringed upon and refuse cooperation. In short, there are a host of GVN agencies capable of adverse impact on expeditious port clearance operations.

5. WORLDWIDE LOGISTIC IMPACTS. The comment that the Vietnamese conflict was the "best logistically supported" of all conflicts in which the U.S. has been involved may also be applied to

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our foreign assistance commitments. It has already been stated that economic aid was adequately funded and supported. Military requirements were similarly supported in an adequate and timely manner and may be summarized as follows:

### a. Service Support

(1) The major impact of supporting RVNAF and FWMAF requirements was borne by the U.S. Army. With the upgrading of the RVNAF priorities for both money and materiel early in 1968, considerable worldwide shortages were created. Although expedited procurement enabled many items to be delivered by the dates required, additional requirements had to be satisfied by diverting materiel from active units outside SE Asia, reserve units, and materiel procured to meet MAP requirements. Support of SE Asia foreign assistance requirements also delayed other international logistic customer needs, primarily for automotive, electronic, and engineer major items and parts and related tool sets for them.

(2) The U.S. Air Force reported highly effective support of RVNAF and FWMAF without degradation of the U.S. logistical posture. Some competition for resources did exist between U.S. forces, RVNAF, and FWMAF for aircraft modifications and certain older air munitions and aircraft. From the Air Force point of view there was no appreciable competition for resources between the military and civil aid requirements.

(3) Neither the Navy nor the Marine Corps reported any appreciable impacts in supporting SE Asia foreign assistance demands.

b. Pacific Command Support. Other than the Saigon port congestion and related problems previously discussed, CINCPAC reported general satisfaction with the logistic support provided by subordinate commanders to allied forces. The MAP requirements had little if any impact on operations of U.S. and allied forces in RVN. However, where common MAP and RVNAF requirements for materiel and services existed, delays were experienced in deliveries to MAP until higher priority RVNAF requirements were met.

c. European Command Support. Delays in receipt of major items and repair parts and reduction or loss of training spaces were the primary impacts on the European Command logistical posture. Although some of these shortcomings were in typically MAP items and thus relatable to SE Asia MAP and MASF demands, the majority were attributable to the higher priority afforded U.S. forces and the FWMAF. As such, these deficiencies cannot be specifically earmarked as an effect of foreign assistance needs elsewhere.

d. Summary. Despite these shortcomings positive advantages have accrued to the U.S. logistic system as a result of foreign assistance demands. Items that were procured to meet foreign assistance demands were also available for application against U.S. force requirements when the circumstances so demanded. These diversions frequently reduced unacceptable production delays and permitted deployment of U.S. forces with adequate or acceptable levels of essential equipment. By having a broader, immediately available production base, there was a definite stimulation of the foreign military sales program and its related equipment and doctrine standardization aspects, not to mention the economic effects of improving the unfavorable gold flow. The key fact, however, is that by training, equipping, and fielding allied forces capable of adequately meeting and sharing total combat requirements in SE Asia, the drain on U.S. critical and priceless manpower requirements was reduced.

## 6. CONCLUSIONS AND RECOMMENDATION

### a. Conclusions

(1) Considering coordination problems within the U.S. Government on civil sector support in Vietnam, it seems clear that for future contingencies in underdeveloped countries, the primary areas of inter- and intragovernmental interface must be identified. Timely agreements as to who controls what and how differences are to be resolved must be addressed. An earlier delegation of authority and responsibility for execution of a coordinated U.S. effort to an

## FOREIGN ASSISTANCE

on-the-scene manager could have resulted in more responsive, timely, and effective distribution of resources (paragraphs 1, 2, 3, and 4).

(2) The impact of the autonomy of the Government of Vietnam was a major consideration in the conduct of contingency logistic operations but was not clearly recognized until inter-governmental coordination problems surfaced in transportation and the Port of Saigon activities (paragraphs 1 and 4c).

(3) Requirements determinations were inadequate (paragraph 4a).

(a) Military assistance logistic support:

1. Quid pro quo agreements between the United States and the Korean and Thai Governments superimposed funding and materiel requirements on logistic systems that were already extended as a result of meeting U.S. force support requirements.

2. Delays in defining military missions and task assignments for U.S. allies until the start of deployment impaired timely definition of military assistance requirements.

3. The U.S. military advisory effort, in some instances, was hampered by equipment that did not match the level of sophistication and the mission and task assignment of U.S. allies, which resulted in the delivery of some materiel that was beyond the competence and requirements of the recipient forces.

(b) Civil sector logistic support requirements have not adequately considered the impact of proposed military activity.

(c) Although the overall foreign assistance effort has been fully supported, this effort has not always been accomplished in the most effective and efficient manner because of the lack of proper interface between military and civil elements.

(4) Retention of civil sector responsibilities by the Agency for International Development found that agency with an immediate, unexpected logistic operations function for which it was not manned. Except for the temporary organization in and for Vietnam activities, the Agency for International Development is not currently staffed to plan or assume these civil sector responsibilities in support of other possible contingencies (paragraph 1d).

(5) The controls of financial management and program visibility were limited because of fund source fragmentation that resulted in the ill-defined assignment of management responsibility. Although adequate fund availability in the military assistance and civil aid sectors of U.S. activity in Vietnam was achieved, the full parameters of the foreign assistance program were never formally defined (paragraph 4b).

(6) By identifying all the program elements of the Vietnam Assistance Program, the points of interface between the U.S. and Vietnamese Governments and between various responsible U.S. agencies could have been directly identified and consolidated in a top-level management network. This network could have displayed the interrelationships and time phasing of the actions and resources required for achievement of the program objectives and could have been employed in measurements of progress (paragraphs 1, 2, 3, and 4).

b. Recommendation. The Board recommends that:

(1) The Secretary of Defense recommend to the Secretary of State that contingency operation interface requirements be introduced into the National Security Council System for study and resolution with a view toward making a clear determination and assignment of areas of interdepartmental responsibilities (FA-1) (conclusions (1), (2), (3), (4), (5), and (6)).

**CHAPTER IV**

**PLANNING TO ACCOMMODATE  
THE IMPACT OF FOREIGN ASSISTANCE  
ON U.S. MILITARY LOGISTIC OPERATIONS**



## CHAPTER IV

# PLANNING TO ACCOMMODATE THE IMPACT OF FOREIGN ASSISTANCE ON U.S. MILITARY LOGISTIC OPERATIONS

### 1. INTRODUCTION

a. The experience of Vietnam suggests the need to better consider the logistic requirements of U.S. allies in planning for contingency military operations. These requirements extend from providing replacement military equipment and support through assisting the civilian populace and government. The keys to realistic planning in this area are definite assignment of responsibilities and selection of valid assumptions. Responsibilities may be assigned empirically, but the assumptions could best be developed through testing precedents developed in Vietnam for probable validity in future contingencies. Once the areas of responsibility and the assumptions are identified, the details associated with the accomplishment of specified objectives can be carefully and systematically ordered in a plan. Since the purpose of planning is to maximize efficient application of resources during the execution phases of a contingency, it stands to reason that the potential effects of intangible assumptions concerning the relationship with U.S. allies should be addressed, perhaps through some form of sensitivity testing. Once a plan is completed it must be kept viable through changes that reflect the current realities.

b. The preceding chapters developed the responsibilities of the President, the Secretaries of State and Defense, American Ambassadors, and others involved in the development and execution of the U.S. Foreign Assistance Program. This program blankets the entire range of human endeavor touching the government and population of recipient nations at virtually every level. Several departments of the U.S. Government, with literally hundreds of subordinate organizations, are directly involved in the planning and accomplishment of the U.S. Foreign Assistance Program. This chapter examines the effectiveness of U.S. national planning efforts associated primarily with activities in the Republic of Vietnam (RVN). Based on this review, comments are made on the efficacy of past efforts and existing plans and positive recommendations for improvement in national planning techniques will be offered.

2. PLANNING RESPONSIBILITIES. An initial step in developing a national program is examination of the source documents to determine general policies and the extent of authority. Since this review is concerned with relatively current planning, detailed examination starts with The Foreign Assistance Act of 1961, as amended. In this act, Congress addressed the entire field of foreign assistance and consolidated a wide variety of earlier laws. Significantly, the new act included a statement of congressional policy regarding foreign assistance: "... the United States (shall) assist the people of less developed countries in their efforts to acquire the knowledge and resources essential for development and to build the economic, political and social institutions which will meet their aspirations for a better life, with freedom, and in peace."<sup>1</sup> Further, it authorized "... measures in the common defense against internal and external aggression, including the furnishing of military assistance, upon request, to friendly countries and international organizations..."<sup>2</sup> Of primary significance, however, is the fact that this law gave the United States a vehicle for its first integrated foreign assistance program. The dual requirements for security and capital growth of aided nations were identified and addressed. Authorities and responsibilities were defined, but perhaps most important, the role of the Secretary of State in integrating a cohesive and effective program of assistance was clearly stated.

<sup>1</sup>U.S. Congress, Senate, The Foreign Assistance Act of 1961, Public Law 87-195, 87th Cong., 1961, S. 1983, as amended, sec. 102.

<sup>2</sup>Ibid., sec. 501.

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- a. In defining and delegating authority for U.S. foreign assistance the act states:

"Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of economic assistance and military assistance programs, including but not limited to determining whether there shall be a military assistance (including civic action) program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby."<sup>3</sup>

b. Even before the passage of the new Foreign Assistance Act, President Kennedy sent a letter to each American Ambassador abroad in which he defined the ambassador's responsibilities and relationships within the U.S. mission and Government and reiterated his role as a personal representative of the President. This letter was transmitted to the heads of executive departments and agencies as a statement of policy direction.<sup>4</sup> Following the passage of The Foreign Assistance Act on 4 September 1961, President Kennedy ordered the Secretary of State to establish the Agency for International Development (AID) to assume the role of developing and implementing the economic assistance programs authorized by the new act.<sup>5</sup>

(1) From 1961 through 1965, the organizational responsibilities and relationships remained relatively constant. Toward the end of this period, however, the logistic situation in Vietnam had begun to deteriorate. The Mission Council in Vietnam analyzed the problem and concluded that the several agencies involved were receiving mutually exclusive direction from their parent departments and consequently were reluctant to coordinate the release of their resources. The Ambassador recommended the establishment of interdepartmental committees, in Washington, to ensure that direction to the action agencies in Vietnam was coordinated before being transmitted to the field for implementation.

(2) The President approved the recommendation on the worldwide basis<sup>6</sup> and on 4 March 1966 announced that he had directed the Secretary of State to assume responsibility to the full extent permitted by law for the overall direction, coordination, and supervision of interdepartmental activities of the U.S. Government overseas (less exempted military activities). To assist the Secretary of State in this new role, permanent Interdepartmental Regional Groups (IRGs) and a Senior Interdepartmental Group (SIG) were created to perform the tasks of planning and coordinating U.S. programs. These groups were chaired by the regional Assistant Secretaries of State and the Under Secretary of State, respectively, "with full powers of decision on all matters within their purview, unless a member who does not concur requests the referral of a matter to the decision of the next higher authority."<sup>7</sup>

c. The evidence suggests that the IRGs and SIG played an important role in integrating the conduct of U.S. affairs in Vietnam, but not apparently a significant enough role to satisfy congressional critics. After 7 years of experience with an integrated program of foreign assistance, Congressman John V. Tunney introduced an amendment (hereafter referred to as the Tunney amendment) that became a part of the law in 1968. This amendment states:

"(a) The Congress believes that United States foreign aid funds could be utilized more effectively by the application of advanced management decisionmaking, information and analysis techniques such as systems analysis, automatic data processing, benefit-cost studies, and information retrieval. (b) To meet this need, the President shall establish a management system that includes: the definition of objectives and programs for United States foreign assistance; the development of

<sup>3</sup>Ibid., sec. 622c.

<sup>4</sup>U.S. President, Memorandum, subject: The Responsibilities of Chiefs of American Diplomatic Missions, John F. Kennedy, 27 May 1961. See Chap. III, par. 1, for partial text.

<sup>5</sup>U.S. President, Executive Order No. 10973, as amended, Administration of Foreign Assistance and Related Functions, John F. Kennedy, 3 November 1961.

<sup>6</sup>National Security Action Memorandum 341, 2 March 1966 (CONFIDENTIAL).

<sup>7</sup>U.S. Department of State, Foreign Affairs Manual Transmittal Letter: ORG-5, 14 September 1966, sec. 0111.

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quantitative indicators of progress toward these objectives; the orderly consideration of alternative means for accomplishing such objectives; and the adoption of methods for comparing actual results of programs and projects with those anticipated when they were undertaken. The system should provide information to the agency and to Congress that related agency resources, expenditures, and budget projections to such objectives and results in order to assist in the evaluation of program performance, the review of budgetary requests, and the setting of program priorities. (c) The President shall report to the Congress annually on the specific steps that have been taken, including an evaluation of the progress that has been made toward the implementation of this section."<sup>8</sup>

d. On 20 January 1969, the President redefined executive branch responsibilities concerning the planning and conduct of U.S. Government operations in foreign affairs. The first step was designation of the National Security Council (NSC) as the principal forum for consideration of national security policy issues. Concurrently, the IRGs and SIG were disestablished and the NSC system was reorganized to constitute Interdepartmental Groups (IGs), a Review Group (RG), and an Under Secretaries Committee (USC); ad hoc groups are appointed by the President as appropriate. Even though the task of the Secretary of State in supervising U.S. overseas activities was essentially unchanged, the mechanism for providing his direction changed significantly. Where the IRGs and SIG had been under the control and direction of the Department of State, the new groups were primarily responsive to the NSC and the White House. Chairmanship of the IGs and the USC (analogous to the SIG) remained with the regional Assistant Secretaries and the Under Secretary of State, but the RG is chaired by the Assistant to the President for National Security Affairs.

(1) As a simplified example of how the system works, an IG will prepare policy and contingency papers on a potential crisis area. These papers will then be examined by the RG to ensure that the issue is worthy of NSC consideration, that all realistic alternatives are presented, and that the facts, including cost implications, and all departmental and agency views are fairly and adequately defined. If the issue does not require Presidential or NSC consideration or if it is not fully developed and coordinated, it is referred to the USC for resolution. Inasmuch as each of these functions under an executive chairmanship and all efforts are subject to examination by the RG, their positions and determinations must, in effect, be approved by the Assistant to the President for National Security Affairs before implementation or referral to the NSC and President.

(2) The NSC, its committees, and groups have, through National Security Study Memorandums (NSSM) initiated a series of studies to define the foreign affairs environment and to establish the future policies and international programs of the U.S. Government. As these policies and programs develop, they will be transmitted to the State Department for development and implementation.

e. On 9 December 1969, President Nixon addressed a successor to the 1961 Kennedy letter to each American Ambassador abroad. Although the main thrusts of these two Presidential letters were similar, there were nuances that modified the Ambassador's role. The most meaningful portions of these two letters highlight the carefully shaded differences. (See page 44.)

(1) In summary, under the Nixon letter the role of the Secretary of State as coordinator of U.S. activities overseas is clearly stated; the Ambassador is charged with directing and coordinating rather than overseeing and coordinating; nonconcurrences flow through the Ambassador and State Department as alternative considerations rather than directly to the Washington headquarters of the nonconcurring agency. Presidential direction of additional nonfield force U.S. military activities through the military chain of command is reserved, and the Ambassador is charged with keeping the President informed of differences in point of view, between the embassy and the military commander, through the Secretary of State rather than simply requesting

<sup>8</sup>The Foreign Assistance Act of 1961, as amended, sec. 621A. This section was added by the FA Act of 1968, 22 USC 2381A, sec. 302(b).

## FOREIGN ASSISTANCE

### President Kennedy's Letter of 29 May 1961 on the Responsibilities of Chiefs of American Diplomatic Missions

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As you know, your own lines of communication as Chief of Mission run through the Department of State.

In regard to your personal authority and responsibility, I shall count on you to oversee and coordinate all the activities of the United States Government. . . . You are in charge of the entire United States Diplomatic Mission, and I shall expect you to supervise all of its operations. The Mission includes not only the personnel of the Department of State and the Foreign Service, but also the representatives of all other United States agencies which have programs or activities. . . . I shall give you full support and backing in carrying out your assignment.

Needless to say, the representatives of other agencies are expected to communicate directly with their offices here in Washington, and in the event of a decision by you in which they do not concur, they may ask to have the decision reviewed by a higher authority in Washington.

Now one word about your relations to the military. As you know the United States Diplomatic Mission includes Service Attaches, Military Assistance Advisory Groups and other Military components attached to the Mission. It does not, however, include United States military forces operating in the field where such forces are under the command of a United States area military commander. The line of authority to these forces runs from me, to the Secretary of Defense to the Joint Chiefs of Staff in Washington and to the area commander in the field.

Although this means that the chief of American Diplomatic Mission is not in the line of military command, nevertheless, as Chief of Mission, you should work closely with the appropriate area military commander to assure the full exchange of information. If it is your opinion that activities of the United States military forces may adversely affect our over-all relations with the people or government of . . . , you should promptly discuss the matter with the military commander and, if necessary, request a decision by higher authority.

### President Nixon's Letter of 9 December 1969 on the Responsibilities of Chiefs of American Diplomatic Missions

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You will, of course, report to me through and normally receive your instructions from the Secretary of State who has responsibility not only for the activities of the Department of State but also for the overall direction, coordination and supervision of the United States Government activities overseas.

As Chief of the United States Diplomatic Mission, you have full responsibility to direct and coordinate the activities and operations of all of its elements. You will exercise this mandate not only by providing policy leadership and guidance, but also by assuring positive program direction to the end that all United States activities in (the host country) are relevant to current realities, are efficiently and economically administered, and are effectively interrelated so that they will make a maximum contribution to United States interests in that country as well as to our regional and international objectives.

The Secretary of State and I have made it clear that we will welcome the opportunity to consider alternative policies and courses of actions before making final decisions. When you or other members of your Mission believe such alternative merit consideration, we encourage your putting them forward along with your own recommendations.

I will reserve for myself, as Commander-in-Chief, direct authority over the military chain of command to United States military forces under the command of a United States area military commander, and over such other military activities as I elect, as Commander-in-Chief, to conduct through military channels.

However, I will expect you and the military commanders concerned to maintain close relations with each other, to keep each other currently informed on matters of mutual interest and in general to cooperate in carrying out our national policy. If differences of view not capable of resolution in the field should arise, I will expect you to keep me informed through the Secretary of State.

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decisions by higher authority. The reins of control have been tightened and the requirement for interdepartmental coordination and integration has been extended to the operators in the field. Figure 4 depicts the existing relationships between elements of the executive branch engaged in overseas operations. Elimination of some of the lines of communication from the field to Washington (see Figure 3 for comparison) will no doubt enhance the coordination of U.S. overseas activities. Final success of this revised system of policy and plan formulation, however, rests far more on the personalities of the participants than on the reorganization.

(2) During the peacetime planning cycle, it is believed the current system will provide far better policy and program integration than previously experienced. However, reservations persist concerning the conduct of combat support, particularly in cases of contingency operations in underdeveloped countries, with both an ambassador and a military commander present. If this situation is to continue to prevail in the future it would be well to state the planned delineation of authority and responsibility and charge the Department of State and Department of Defense (DOD) with preparation of contingency plans for execution of their respective responsibilities.

### 3. PRE-VIETNAM PLANNING

a. During the period preceding introduction of U.S. combat forces, the situation in Vietnam had grown worse each year. Status reports were constantly under analysis in the White House, the Department of State, DOD, and by the Commander in Chief, Pacific (CINCPAC). Concepts for countering the Vietcong (VC) threat were generated and abandoned with regularity. The U.S. aid to Vietnam grew from \$287 million in 1962 to more than \$400 million in 1964.<sup>9</sup>

b. An intensive effort by CINCPAC resulted in a major revision to military contingency plans for defense of the Southeast Asian Mainland in 1963, and subsequent minor revisions in 1964. These plans were predicated on past experience and current guidance from the Joint Chiefs of Staff (JCS). They cover the entire spectrum of military operations required to counter a given threat level. Subordinate component and unified commanders were directed to prepare supporting plans.

c. In the area of foreign assistance, planning occurs in two broad areas—the civil and military sectors. Previous experience provided two basic historical facts: If U.S. combat forces were employed in countering a threat, civil affairs<sup>10</sup> responsibility would eventually be assigned to the U.S. military, and the United States would equip and logistically support allied forces. An examination of the application of these facts in the planning for and subsequent execution of U.S. operations in SE Asia follows.

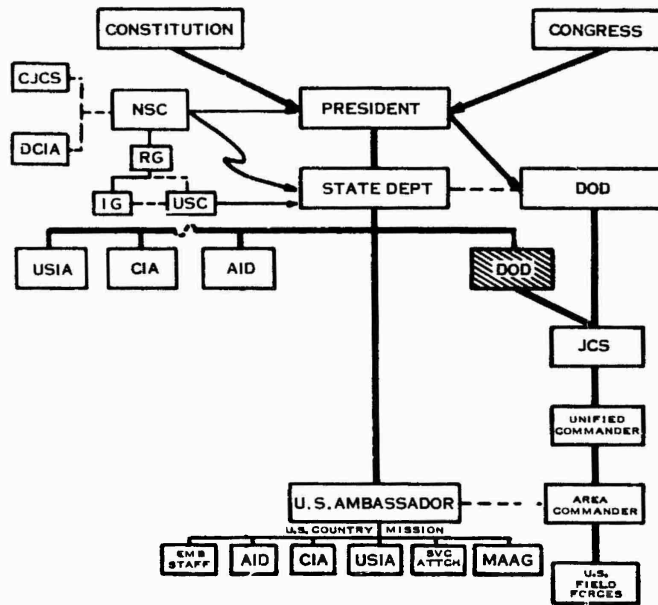
#### (1) Civil Sector

(a) Either before or during the early stages of planning, two major milestones occurred: the Kennedy letter was dispatched to all ambassadors and The Foreign Assistance Act of 1961 became law. The U.S. operations missions around the world were undergoing at least minor restructurings to meet the requirements of the new direction. In Vietnam, the worsening security situation was partially reflected in an increase of 30 percent in economic

<sup>9</sup>AID, Statistics and Reports Division, U.S. Overseas Loans and Grants, 29 May 1969.

<sup>10</sup>"Civil Affairs—Those phases of the activities of a commander which embrace the relationship between the military forces and civil authorities and people in a friendly country or area, or occupied country or area when military forces are present. Civil affairs include, among other things: a. matters concerning the relationship between military forces located in a country or area and the civil authorities and people of that country or area usually involving performance by the military forces of certain functions or exercise of certain authority normally the responsibility of the local government. This relationship may occur prior to, during, or subsequent to military action in the time of hostilities or other emergency and is normally covered by a treaty or other agreement, express or implied; b. military government, the form of administration by which an occupying power exercises executive, legislative, and judicial authority over occupied territory." (Joint Chiefs of Staff Publication 2, Unified Action Armed Forces (UNAAF), 23 November 1959, sec. 7, par. 40702, p. 97.)

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INDICATES THE RELATIONSHIP OF DOD TO THE STATE DEPARTMENT  
IN MATTERS CONCERNING FOREIGN MILITARY ASSISTANCE

--- ADVISE, INFORMATION, OR COORDINATION CHANNELS ESTABLISHED BY  
STATUTE OR REGULATION

**FIGURE 4. ORGANIZATION AND COMMUNICATION CHANNELS  
FOR U. S. GOVERNMENT OVERSEAS OPERATIONS,  
9 DECEMBER 1969 TO PRESENT**

**NSC**

**President**  
**Vice President**  
**Secretary of State**  
**Secretary of Defense**  
**Director of the Office of Emergency Preparedness**  
**Statutory Advisors**  
    **1. Chairman of the Joint Chiefs of Staff**  
    **2. Director of Central Intelligence**

**NSC Review Group**

Assistant to the President for National Security Affairs (Chairman)  
Representative of the Secretary of State  
Representative of the Secretary of Defense  
Representative of the Director of Central Intelligence  
Representative of the Chairman of the Joint Chiefs of Staff  
Representative of the Office of Emergency Preparedness

**NSC Under Secretaries Committee**

Under Secretary of State (Chairman)  
Deputy Secretary of Defense  
Assistant to the President for National Security Affairs  
Director of Central Intelligence  
Chairman of the Joint Chiefs of Staff

### NSC Interdepartmental Groups

**Membership includes agencies represented on the NSC Review Group, plus other affected agencies at the discretion of the Chairman**  
**Chaired by appropriate Assistant Secretary of State**

### NSC Ad Hoc Groups

**Appointment and membership at the discretion of the President.**

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grants between FY 62 and FY 63. Against this background and the historical facts of Army war-time civil sector responsibility, the primary military planning effort for civil affairs operations was completed in mid-1962.

(b) As published, the plans envisioned U.S. support of the Government of Vietnam (GVN), particularly in the areas of public health, refugee control, civilian supply, public safety, and civil relief. It was further assumed that as the level of threat and corresponding military activity increased, the mission staff would be evacuated and responsibility for this support would be incrementally shifted from the civilian elements of the U.S. operations mission to the military. As military activities continued to intensify, civil affairs units would be introduced to provide direct assistance and advice to the GVN and to provide a channel for integration of civil and military matters for the on-the-scene U.S. commander. As U.S. involvement in Vietnam grew, certain of these assumptions proved valid, whereas others were negated by events.

(c) Certainly civil sector support has been provided to the GVN. The costs of supporting assistance (less realigned AID and DOD costs) are shown in Figure 5. All the functional support areas envisioned in the plans were serviced and significant portions of the civil sector effort were expended in capital investment to service and control the influx of materials (both civilian and military) being imported to Vietnam.

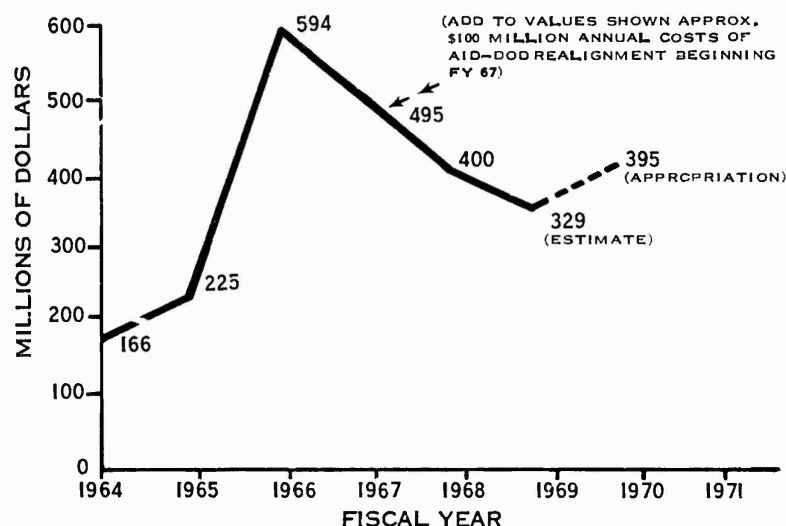


FIGURE 5. SUPPORTING ASSISTANCE TO THE GVN

(d) What did not occur was the envisioned shift in responsibility from civilian to military authority for supporting assistance. The mission staff not only stayed intact, but in fact was augmented as U.S. presence grew. The 4-year-old AID retained both management control and advisory responsibility for U.S. efforts in the civil sector. A part of the impact of the decision to pursue this course of action has been described in Chapter III.

### (2) Military Assistance

(a) Although there has been a major policy shift in the responsibility for management of U.S. civil sector assistance efforts, military assistance was and is under the operational management of DOD. Planning in this area is predicated on successive years of experience with the host government's armed forces. The Military Assistance Advisory Group (MAAG) or mission is charged with developing and submitting Military Assistance Programs (MAPs) to help the supported forces achieve the capabilities contemplated in the Joint Chiefs of Staff's Joint

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Strategic Capabilities and Objectives Plans (JSCP and JSOP). These Joint Chiefs of Staff plans are constantly undergoing revision to reflect on-the-scene MAAG and service attache appraisals of existing and potential effectiveness of the supported forces and to improve "... the ability of friendly countries and international organizations to deter, or if necessary, defeat Communist or Communist-supported aggression,..."<sup>11</sup> The result is a continuous cycle of new objectives and requirements. Beginning in 1961 overseeing the MAAG and attache's efforts has clearly been a responsibility of our ambassadors; at the other end of the cycle the Secretary of State has been charged with determining whether there should be a military assistance program and, if so, program value.<sup>12</sup>

(b) In developing military contingency plans, a major consideration is the friendly order of battle. The reiterative Joint Chiefs of Staff cycle of evaluating friendly force capabilities and MAP support objectives allows a reasonably detailed description of these forces, a comment on current employment, and an estimate as to their availability to support implementation of the plan. From this base, assumptions are generated concerning logistic support of friendly forces participating in contingency operations. One such assumption might consider the advisability of supporting U.S. allies through a common-user U.S.-controlled and -directed logistic pipeline once sizeable numbers of U.S. forces have deployed to the contingency area rather than supporting them through the less responsive MAP system. Another considers the administrative and congressional actions required to provide authorization for the increased material requirements of allies committed to combat operations. A third assumption revolves about operational control of participating forces; multilateral defense treaty plans normally address logistic support as national responsibilities, whereas unilateral plans generally assume U.S. support provided operational control of the supported forces is vested in a U.S. commander. Finally, it is assumed in unilateral plans that even though host-government and third-country allied forces will eventually receive U.S. logistic support, the countries are individually responsible for original equipment and resupply of country-peculiar items.

(c) In Vietnam, the deployed allied forces were not those envisioned by U.S. planners. Introduction of both Korean and Thai combat troops resulted from country-to-country negotiations that committed the U.S. to reequip and totally support the deployed units. This equipment did not allow proper planning because logistic guidance does not allow for war reserves for allies. Congressional and Executive actions occurred in March 1966 to allow direct U.S. support of our allies in Vietnam.<sup>13</sup> No one foresaw in the planning stages the requirements generated by increasing the supported allied troop strength from a nominal 600,000 men on 1 January 1965 to the 31 December 1969 total of more than 1.1 million men in uniform and some 2 million odd members of the People's Self-Defense Force.

(d) In summary, events in Vietnam have shown that the United States has provided virtually total logistic support for its allies, but on a basis almost entirely different from that contemplated during the planning cycle.

#### 4. CONTINGENCY PLANNING FOR OTHER WORLD AREAS

a. In the preparation of this report, no source documentation assigning wartime civil sector support responsibilities in Vietnam to AID has been identified. Discovered instead were varying interpretations of the Kennedy letter to Ambassadors and responsibilities assigned under provision of The Foreign Assistance Act and the Executive order that established AID. There was no decisive directive stating that the Army had been relieved of its civil affairs responsibilities; instead a series of incremental decisions retained and expanded the responsibilities of the civilian elements operating in the civil sector. In conversations, both at the State

<sup>11</sup>The Foreign Assistance Act of 1961, as amended, sec. 501.

<sup>12</sup>See paragraph 2e of this chapter for pertinent partial texts of Presidential letters on the Responsibilities of Chiefs of American Diplomatic Missions and paragraph 2a for a partial statement of the Secretary of State's responsibilities in military assistance as set forth in The Foreign Assistance Act of 1961, as amended, sec. 622c.

<sup>13</sup>As previously stated, U.S. support of Australian and New Zealand forces has been limited to reimbursable common-item resupply provided through U.S. Army, Vietnam.



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Department and the Washington headquarters of the Agency for International Development, the impression has been that AID is firmly entrenched in the area of wartime civil sector operations. Regardless of the impression, the military in accordance with its assigned responsibilities for contingency operations is still planning to employ U.S. civil affairs units in the case of general war or where territory has been occupied.

b. Contingency plans for world areas other than Vietnam were scanned to determine the influence of newly identified precedents on their preparation. They were found to be predicated almost entirely on pre-1961 experience. Relatively minimal extended support of friendly indigenous and third-country forces has been based on existing orders of battle and assignment of operational control to the U.S. commander. Multilateral plans clearly assign logistic support as a national responsibility, without reference to the nation's capabilities. The role of a possibly autonomous government, the presence of a U.S. ambassador, and the lack of a Status of Forces Agreement are simply not addressed in existing military contingency plans. Further, the plans reflect past military experience in civil affairs—planned phase-out of the civilian operators and replacement by Army personnel is keyed to intensified threat levels. In short, military planning is not consistent with experience in Vietnam and what appears to be Department of State and AID concepts. These divergent views must be reconciled. The decision to assign civil sector support responsibility to the U.S. military or AID should be based on the envisioned nature of the contingency and the relationship between the United States and the participants.

### 5. VIETNAMIZATION AND NATIONAL DEVELOPMENT

a. Improvement of the Republic of Vietnam Armed Forces (RVNAF) has been a continuing objective of the U.S. military assistance program to RVN. This was the principal mission of U.S. military elements in RVN from 1954 until the large-scale introduction of U.S. combat forces beginning in 1965. Between 1965 and 1967, support of the U.S. forces and meeting the reequipping, logistic support, and quid pro quo requirements of introducing third-country Free World Military Assistance Forces (FWMAF) took precedence over the continuing improvement of the RVNAF. With U.S. deployments phasing down and FWMAF commitments now in a routine category, renewed emphasis has been placed on improvement of the RVNAF.

(1) The equipping and modernization of the growing RVNAF is being accomplished at an ever-accelerating rate. In addition to ensuring that the transfer of equipment and facilities is based on the ability of the recipient to assume these responsibilities, the U.S. Government must consider funding and personnel areas. The necessity to support and maintain this equipment is a consideration of major magnitude and will place a significant demand on in-country U.S. logistic systems and personnel resources until adequate GVN and RVNAF logistics bases are developed. Further, in considering DOD assets available in-country for transfer under the Vietnamization and National Development Programs it appears some are appropriate for turnover to the RVNAF, whereas others may be more appropriately turned over to GVN. Two specific areas included in this category are highway construction and maintenance and the telecommunications network. In the event these are turned over to the GVN, the responsibility for planning, advising, managing, operating, and funding would presumably shift from DOD to AID concurrently with the transfer. Since it is unlikely that either of these programs will be self-supporting, the U.S. Government's commitment to subsidize them could be of a long-term nature. As long as MASF is authorized, it seems possible for the cost of the programs to be borne by DOD. However, when MASF authority expires, it is quite unlikely that either the MAP or the AID budget will be large enough to absorb even one such program. Additional problems concern the currently stringent personnel economy measures within both AID and DOD and the relatively long training periods required to qualify Vietnamese operators.

(2) To date, Vietnamization actions have consisted primarily of turnovers of military hardware and facilities to the RVNAF. Near-term support of these items has been reasonably well provided through the existing MASF-funded pipeline and in-place American logistic personnel. The adequacy of service planning for longer-range support of these assets remains for the proof of time. The absence of approved service support plans with identifiable follow-on year fund sources, however, remains a problem. It would appear that the military should fund for and manage long-range support of these assets.

## FOREIGN ASSISTANCE

(3) The mechanisms of the NSC are logically the proper forum for developing the policy bounds of the U.S. Vietnamization and National Development commitment to the Vietnamese. Once these bounds have been established, ad hoc interdepartmental working groups are capable of developing recommendations for allocation of responsibility for specific elements of the commitment of the various agencies represented. The machinery for considering the implications of turning over high operating cost assets, such as the telecommunications network, can be exercised with participation of both current and prospective sponsors. In short, Secretarial-level integration will have occurred during the planning phases of the program; and, assuming adequate vertical communication, there will be no surprises for the subordinate planners and operators.

(4) At present (9 February 1970), the Department of Defense (International Security Affairs, Vietnam Task Group) has underway the development of a top-level logic network that depicts the conditions that must prevail to achieve the goals of Vietnamization. To date, contributions to the network have come only from the written word and attempts at validating the logic within the defense community.

b. The other major operating entity in Vietnam, AID, should be included in these initial planning stages at the earliest possible moment. Once the required conditions have been inter-related, the resources required to achieve these conditions can be identified and time phased. The program network with its readily visible points of interface could then be entered into the NSC system for approval and implementation authority. If this course of action were pursued with mutual enthusiasm and diligence on the part of the participating agencies, it seems probable that no major voids would surface later to haunt the United States. The cost of such a planning effort is very expensive—perhaps 2 percent or more of total program value. On the other hand the visibility offered during the execution phases would reserve the application of intensive management to only those areas of possible constraint.

## 6. CONCLUSIONS AND RECOMMENDATIONS

### a. Conclusions

(1) Assumptions. Planning assumptions concerning support of U.S. Allies could have better reflected precedent and existing facts:

(a) Increasingly austere Military Assistance Program appropriations have been, of necessity, primarily dedicated to operating rather than investment costs, since U.S. Asian allies have generally been unable to finance and support their armed forces independently (paragraph 3c).

(b) The escalation of the conflict in SE Asia found some U.S. allies equipped with some Military Assistance Program furnished table of organization and equipment materiel that was obsolescent or nonstandard and was in large part subsequently replaced to improve their combat effectiveness and to facilitate support from U.S. stocks (paragraph 3c).

(c) In Vietnam, as in most other conflicts, a requirement developed to equip indigenous and some third-country forces when it became apparent that support would not otherwise be available (paragraph 3c).

(d) There have been instances when indigenous and third-country armed forces requirements have taken precedence over U.S. requirements (paragraph 3c).

(e) Experience in Vietnam has indicated that in many types of future contingencies, it can be anticipated that the host government will retain its autonomy and that committed third-country forces will retain direction and control of their armed forces (paragraph 3c).

## FOREIGN ASSISTANCE

### (2) Contingency Planning

(a) The plans for logistic support to allied military forces provide only general guidance in resupply and minimal reequipping for existing host-government force levels and for envisioned free world allied deployments to the area of contingency operations. There has been little identification of specific assets to be applied in combat military assistance and essentially no recognition of probable force augmentation (paragraph 3c).

(b) Military plans have envisioned assumption of civil sector operations by military civil affairs units as the tempo of military activity increased. These functions were retained by the Agency for International Development in Vietnam despite its lack of experience, staff, organization, or plan for providing wartime civil sector support (paragraph 3c).

(c) Planning for civil sector support in combat areas is a responsibility of the U.S. Army; however, in Vietnam execution was undertaken by the Agency for International Development. Whether the U.S. military or Agency for International Development (or a combination of both) provides civil sector support during a contingency should be decided in advance after considering the envisioned nature of the operation and the relationships between the United States and the participants. Both planning and execution responsibilities should be assigned to the same agency or department (paragraph 4).

(3) The lack of logistic guidance, prior to FY 70, to provide war reserves for allies placed additional support requirements on normal service operating stocks and generated additional procurement requirements (paragraph 3c).

(4) The U.S. plans to meet foreign materiel requirements for support of contingency operations in underdeveloped countries should provide accelerated logistics management training for host-government logistic personnel (paragraph 3c).

(5) Using Vietnam as an example, it has been shown that several of the planning assumptions in the area of military and civil assistance have been invalidated by events. The experiences of Vietnam, point up the absolute requirement for coordination and integration of interagency planning for contingency operations. Use of the National Security Council System to consider the basic planning requirements, to define responsibilities, and to set forth planning assumptions for use by both the Department of State and the Department of Defense should result in better and more responsive contingency plans than currently exist (paragraph 2).

(6) The U.S. Vietnamization and National Development policy have been developed by the National Security Council and ordered implemented by the President. To date, Vietnamization has involved a large turnover of military hardware and facilities to the Republic of Vietnam Armed Forces; near-term support of these items is being reasonably well provided. However, there is a continuing lack of coordination between the Agency for International Development and the Department of Defense in identifying long-term support responsibilities and resource requirements for Department of Defense assets that could properly be turned over to the National Development Program rather than to the Republic of Vietnam Armed forces (paragraph 5).

#### b. Recommendations. The Board recommends that:

(1) The Secretary of Defense recommend to the Secretary of State that the areas listed below be introduced into the National Security Council System for study and resolution.

(a) Definition and assignment of contingency planning requirements, contingency operations responsibility, and basic planning assumptions to involved U.S. Government departments and agencies (conclusions (1), (2), and (3)).

(b) Examination of the precedents of the Vietnam conflict to ensure that planning requirements are fully defined and that realistic planning assumptions are employed in connection with enhanced military assistance and supporting civil assistance to the host government and allied forces involved in contingency operations (conclusions (1), (2), and (4)).

## FOREIGN ASSISTANCE

(c) Consideration of the advantages to be gained by the establishment of an advanced management system that includes: the definition of objectives and programs for United States Foreign Assistance; the development of quantitative indicators of progress toward these objectives; the orderly consideration of alternative means for accomplishing such objectives; and the adoption of methods for comparing actual results of programs and projects with those anticipated when they were undertaken."<sup>14</sup> (FA-2) (conclusion (5)).

(2) The Secretary of Defense should review, with the Secretary of State and the Administrator of the Agency for International Development (or its successor agency), the planned disposition of the Department of Defense assets in Vietnam; coordinate planning for long-term support of assets being turned over to the GVN (FA-3) (conclusion (6)).

<sup>14</sup>Quoted from The Foreign Assistance Act of 1961, as amended, Art. 621A.

**CHAPTER V**  
**SUMMARY**

## CHAPTER V

### SUMMARY

1. **OVERVIEW.** What was, in the beginning, a series of independent applications of resources to achieve single, well-defined foreign assistance objectives has matured into worldwide multi-billion-dollar annual programs of economic and military assistance. This assistance has been designed to support U.S. overall foreign policy. In The Foreign Assistance Act of 1961, as amended, both Congress and the President acted to strengthen the direction of U.S. foreign assistance programs by consolidating prior statutes in a law that provided for an integrated assistance program. However, President Kennedy's memorandum of 27 May 1961 and President Nixon's letter of 9 December 1969, both addressed to the Chiefs of American Diplomatic Missions, established and maintained two distinct and clear lines of authority, responsibility, and communication for the execution of U.S. activities during the conduct of combat support in countries where both an ambassador and an area military commander are present. Because the overall foreign assistance effort has been fully supported from a variety of fund sources, this monograph has focused on the need for improved definition, coordination, and control of U.S. assistance programs supporting military contingencies. Particular emphasis has been given to the impact on U.S. military logistic operations of unprogrammed military assistance for U.S. allied efforts and the Agency for International Development's efforts in support of the Vietnamese populace.

a. The Republic of Vietnam was in the embryonic stages of development in 1964. Because of Vietcong activity, the elements required to sustain an economy and population were rapidly moving beyond the control of the Government of Vietnam. With the decision to commit U.S. combat forces to the defense of the Vietnamese Government in March 1965 and to radically increase the level of support, the United States was faced, aside from logistic requirements for U.S. forces, with supplying the equivalent of 100 percent of the Republic of Vietnam Armed Forces materiel requirements. Deployments of Free World Military Assistance Forces were predicated on the reequipping and sustaining of the operations of all units deployed to Vietnam, with the exception of Australian and New Zealand forces. As the Vietnamese economy began to deteriorate in late 1965, U.S. civil aid efforts increased vastly. It was in this environment of expanding U.S. military and civil assistance support that the coordinating interface between U.S. implementing agencies and between the U.S. Government and the governments of the allies receiving contingency support had to take place.

b. When faced with threat levels that were clearly envisioned during the planning stages, the United States reacted by resolving individual foreign assistance problem areas as they arose on a basis almost entirely different from that contemplated during the planning cycle. Virtually all planning assumptions were superseded by ad hoc actions. Even today, there is the continuing need for coordination between the Department of State and the Department of Defense regarding the planned disposition of Department of Defense assets in Vietnam.

c. The preceding paragraphs have summarized the parameters of the foreign assistance program for Vietnam and the environment in which this program was to operate. The review served to focus attention on two primary topic areas for analysis. First, the necessity for coordination and the resultant points of intergovernmental and intragovernmental interface must be identified; and, second, foreign assistance planning for support of military contingencies should be based on clearly defined areas of responsibility and on current, realistic assumptions. The balance of this chapter summarizes the major lessons learned and lists the recommendations developed within the monograph.

## 2. INTERFACE AND COORDINATION

### a. Lessons Learned

(1) Considering the coordination problems within the U.S. Government on civil support in Vietnam, it seems clear that for future contingencies in underdeveloped countries, the primary areas of intergovernmental and intragovernmental interface must be identified. Timely agreements as to who controls what and how differences are to be resolved must be addressed. An earlier delegation of authority and responsibility for execution of a coordinated U.S. effort to an on-the-scene manager could have resulted in more responsive, timely, and effective distribution of resources.

(2) The impact of the autonomy of the Government of Vietnam was a major consideration in the conduct of contingency logistic operations; however, this was not clearly recognized until intergovernmental coordination problems developed in transportation and the Port of Saigon activities.

(3) Requirements determinations were inadequate.

#### (a) Military assistance logistic support:

1. Quid pro quo agreements between the United States and the Korean and Thai Governments superimposed funding and materiel requirements on logistic systems that were already extended as a result of meeting U.S. force support requirements.

2. Delays in defining military missions and task assignments for U.S. allies until the start of deployment impaired timely definition of military assistance requirements.

3. The U.S. military advisory effort, in some instances, was hampered by equipment that did not match the level of sophistication and the mission and task assignment of U.S. allies, which resulted in the delivery of some materiel that was beyond the competence and requirements of the recipient forces.

(b) Civil sector logistic support requirements have not adequately considered the impact of proposed military activity.

(c) Although the overall foreign assistance effort has been fully supported, this effort has not always been accomplished in the most effective and efficient manner because of the lack of proper interface between military and civil elements.

(4) Retention of civil sector responsibilities by the Agency for International Development found that agency with an immediate, unexpected logistic operations function for which it was not manned. Except for the temporary Agency for International Development organization in and for Vietnam activities, the Agency for International Development is not currently staffed to plan or assume these civil sector responsibilities in support of other possible contingencies.

(5) The controls of financial management and program visibility were limited because of fund source fragmentation that resulted in the ill-defined assignment of management responsibility. Although adequate fund availability in the military assistance and civil aid sectors of U.S. activity in Vietnam was achieved, the full parameters of the foreign assistance program were never formally defined.

(6) By identifying all the program elements of the Vietnam Assistance Program, the points of interface between the U.S. and Vietnamese Governments and between various responsible U.S. agencies could have been directly identified and consolidated in a top-level management network. This network could have displayed the interrelationships and time phasing of the actions and resources required for achievement of the program objectives and could have been employed in measurements of progress.

## FOREIGN ASSISTANCE

### b. Recommendation

(1) The Secretary of Defense recommend to the Secretary of State that contingency operation interface requirements be introduced into the National Security Council System for study and resolution, with a view toward making a clear determination and assignment of areas of interdepartmental responsibilities (FA-1).

### 3. PLANNING TO ACCOMMODATE THE IMPACT OF FOREIGN ASSISTANCE ON U.S. MILITARY LOGISTIC OPERATIONS

#### a. Lessons Learned

(1) Assumptions. Planning assumptions concerning support of U.S. allies could have better reflected precedent and existing facts:

(a) Increasingly austere Military Assistance Program appropriations have been, of necessity, primarily dedicated to operating costs, rather than investment costs, since U.S. Asian allies have generally been unable to finance and support their armed forces independently.

(b) The escalation of the conflict in SE Asia found some U.S. allies equipped with some Military Assistance Program furnished table of organization and equipment materiel that was obsolescent or nonstandard and was in large part subsequently replaced to improve their combat effectiveness and to facilitate support from U.S. stocks.

(c) In Vietnam, as in most other conflicts, a requirement developed to equip indigenous and some third-country forces when it became apparent that support would not otherwise be available.

(d) There have been instances where indigenous and third-country armed forces requirements have taken precedence over U.S. requirements.

(e) Experience in Vietnam has indicated that in many types of future contingencies, it can be anticipated that the host government will retain its autonomy and that committed third-country forces will retain direction and control of their armed forces.

#### (2) Contingency Planning

(a) The plans for logistic support to allied military forces provide only general guidance in resupply and minimal reequipping for existing host-government force levels and for envisioned free world allied deployments to the area of contingency operations. There has been little identification of specific assets to be applied in combat military assistance and essentially no recognition of probable force augmentation.

(b) Military plans have envisioned assumption of civil sector operations by military civil affairs units as the tempo of military activity increased. These functions were retained by the Agency for International Development in Vietnam despite its lack of experience, staff, organization, or plan for providing wartime civil sector support.

(c) Planning for civil sector support in combat areas is a responsibility of the U.S. Army; however, in Vietnam execution was undertaken by the Agency for International Development. Whether the U.S. military or the Agency for International Development (or a combination of both) provides civil sector support during a contingency should be decided in advance after considering the envisioned nature of the operation and the relationships between the United States and the participants. Both planning and execution responsibilities should be assigned to the same agency or department.

(3) The lack of logistic guidance, prior to FY 70, to provide war reserves for allies placed additional support requirements on normal service operating stocks and generated additional procurement requirements.



## FOREIGN ASSISTANCE

(4) The U.S. plans to meet foreign materiel requirements for support of contingency operations in underdeveloped countries should provide accelerated logistics management training for host-government logistic personnel.

(5) Using Vietnam as an example, it has been shown that several of the planning assumptions in the area of military and civil assistance have been invalidated by events. The experiences of Vietnam, however, point up the absolute requirement for coordination and integration of the interagency planning for contingency operations. Use of the National Security Council System to consider the basic planning requirements, to define responsibilities, and to set forth planning assumptions for use by both the Department of State and the Department of Defense should result in better and more responsive contingency plans than currently exist.

(6) The U.S. Vietnamization and National Development policy has been developed by the National Security Council and ordered implemented by the President. To date, Vietnamization has involved a large turnover of military hardware and facilities to the Republic of Vietnam Armed Forces; near-term support of these items is being reasonably well provided. There is, however, a continuing lack of coordination between the Agency for International Development and the Department of Defense in identifying long-term support responsibilities and resource requirements for Department of Defense assets that could properly be turned over to the National Development Program rather than to the Republic of Vietnam Armed Forces.

### b. Recommendations

(1) The Secretary of Defense recommend to the Secretary of State that the areas listed below be introduced into the National Security Council System for study and resolution.

(a) Definition and assignment of contingency planning requirements, contingency operations responsibility, and basic planning assumptions to involved U.S. Government departments and agencies.

(b) Examination of the precedents of the Vietnam conflict to ensure that planning requirements are fully defined and that realistic planning assumptions are employed in connection with enhanced military assistance and supporting civil assistance to the host government and allied forces involved in contingency operations.

(c) Consideration of the advantages to be gained by the establishment of an advanced "management system that includes: the definition of objectives and programs for United States Foreign Assistance; the development of quantitative indicators of progress toward these objectives; the orderly consideration of alternative means for accomplishing such objectives; and the adoption of methods for comparing actual results of programs and projects with those anticipated when they were undertaken."<sup>1</sup> (FA-2).

(2) The Secretary of Defense should review, with the Secretary of State and the Administrator of the Agency for International Development (or its successor agency), the planned disposition of Department of Defense assets in Vietnam to coordinate planning for long-term support of assets being turned over to the Government of Vietnam (FA-3).

<sup>1</sup>Quoted from The Foreign Assistance Act of 1961, as amended, Art. 621A.

**APPENDIX A**  
**COORDINATED AGREEMENTS**

## APPENDIX A

### COORDINATED AGREEMENTS

1. The purpose of this appendix is to record the interface history between the Agency for International Development (AID), Department of Defense (DOD), and Government of Vietnam (GVN) concerning transportation and port clearance in the Republic of Vietnam (RVN) as indicated by agreements, memorandums of understanding, and other documents that have been identified during this study.
2. All of these documents refer to the Port of Saigon with the exception of the 1 July 1967 Interservice Support Agreement between USAID and the Commanding Officer, U.S. Naval Support Activity, Da Nang, which provided for water terminal, drayage, and related services to first destination within I Corps Tactical Zone, Republic of Vietnam, by the U.S. military for USAID-sponsored cargo consigned to an agency of the Government of Vietnam, a U.S. Government agency, or authorized voluntary agencies.
3. There is one identified document of importance that is missing. This is the 6 October 1966 in-country agreement between the Government of Vietnam, the Agency for International Development, and the U.S. Army, Vietnam, that assigned handling responsibility for all U.S.-interest cargo to U.S. Army, Vietnam (USARV). The GVN agreed to release any U.S.-interest cargo upon receipt of a Transportation Control and Movement Document (TCMD) with copies furnished to customs. The agreement also brought military activity address codes to all AID and GVN agencies.
4. These documents refer to clearing the Port of Saigon, and after port congestion ceased in the spring of 1967, to the return of responsibility for discharge of certain USAID-sponsored cargo from the U.S. military to the GVN.
5. This appendix contains copies of the following documents.

<u>Document Title</u>	<u>Date</u>	<u>Page</u>
Memorandum of Understanding Between DOD and AID Regarding A Concept for Military Transportation of AID Cargoes to RVN	20 June 1966	A-7 - A-8
Letter, Mr. Stoneman to Mr. Mott Concerning the Breakout of Ten General Cargo Vessels for AID's Behalf	21 June 1966	A-9
Memorandum of Understanding Between AID and DOD to Implement AID Military Essential Cargo	21 June 1966	A-11 - A-13
Agreement Between AID and GVN Concerning Assumption of Duties by a U.S. Military Agency to Relieve the GVN of Certain Duties	4 July 1966	A-15 - A-16
Interservice Support Agreement Between the Director, USAID and Commanding General, USARV Concerning Discharge and Clearance of USAID Financed or Sponsored Cargo Consigned to an Agency of the GVN	4 July 1966	A-17 - A-21

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<u>Document Title</u>	<u>Date</u>	<u>Page</u>
Memorandum of Understanding Between USAID, 4th Transportation Terminal Command and GVN Concerning Certain Duties Performed by the GVN which an Appointed Military Agency Shall Perform	25 July 1966	A-23
Letter of Agreement Between GVN and USAID Concerning Certain Equipment Provided by USAID to be Used in the Operation and Clearance of Ports in Vietnam	26 July 1966	A-25
Agreement Between AID and DOD Concerning Procedures for Military Transportation of AID Cargoes to Vietnam	29 August 1966	A-27 - A-31
Letter of Agreement Between GVN and USAID Concerning Receipt and Operation of Certain Floating Equipment Provided by USAID to be Used in the Ports of Vietnam	30 September 1966	A-33
Agreement between Military Assistance Advisory Command (MACV), USAID, and GVN Concerning Water Terminal, Drayage and Related Services to Vietnam	1 December 1966	A-35 - A-36
Memorandum from MACJ45 to MACVJ4 Concerning GVN Assumption for Discharge of PL480 Rice	24 April 1967	A-37
Letter from Director, USAID to COMUSMACV (Commander, U.S. Military Assistance Command Vietnam), Concerning Discharge of PL480 Rice	10 May 1967	A-39
Memorandum from COMUSMACV to Director, USAID Concerning Discharge of PL480 Rice	17 May 1967	A-41
Memorandum of Understanding Between the Department of the Army and AID Concerning Reimbursement Regarding AID/DOD Program Realignment	25 May 1967	A-43 - A-47
Memorandum from COMUSMACV to Director, USAID Concerning Discharge of PL480 Rice	9 June 1967	A-49
Memorandum from Director, USAID to COMUSMACV Concerning Discharge of PL480 Rice	June 1967	A-51
Interservice Support Agreement Between USAID and the Commanding Officer, U.S. Naval Support Activity, Da Nang regarding Water Terminal, Drayage and Related Services to First Destination Within I Corps Tactical Zone for USAID Sponsored Cargo Consigned to the GVN, a U.S. Government Agency or Authorized Voluntary Agencies	1 July 1967	A-53 - A-57
Memorandum from COMUSMACV to Director, USAID Concerning Discharge of PL480 Rice	7 July 1967	A-59
Letter from Central Department of Economy and Finance to Director General, Central Purchasing and Supplies Agency Concerning Discharge of PL480 Rice	14 July 1967	A-61
Letter from Director, USAID to the Commissioner General for Economy and Finance Concerning Discharge of PL480 Rice	20 July 1967	A-63

# FOREIGN ASSISTANCE

<u>Document Title</u>	<u>Date</u>	<u>Page</u>
Letter from Director General, Central Purchasing and Supplies Agency to Commanding Officer, 4th Terminal Transportation Command Concerning Discharge of PL480 Rice	31 July 1967	A-65
Letter from MACVJ4 to Director, Central Purchasing and Supply Agency Concerning Discharge of PL480 Food for Peace Foodstuffs	25 August 1967	A-67
Letter from Director General, Central Procurement and Supply Authority to MACVJ4 Concerning Discharge of PL480 Food for Peace Foodstuffs	8 September 1967	A-69
Letter from J4, MACV to Director, Central Procurement and Supply Authority Concerning Discharge of PL480 Food for Peace Foodstuffs	19 November 1967	A-71

FOREIGN ASSISTANCE

FACSIMILE

MEMORANDUM OF UNDERSTANDING BETWEEN DOD AND AID REGARDING  
A CONCEPT FOR MILITARY TRANSPORTATION OF AID CARGOES TO RVN

1. In view of the growing community of interest between DOD and AID in operations in Vietnam and of the increasing DOD and AID tonnages to that area, and to facilitate Vietnam port management and maximum utilization of transportation resources, DOD and AID agree that:

a. AID will be financially responsible for all costs incident to activation of the 10 ships, all net operating costs, and all costs incident to deactivation of these 10 ships and their return to the National Defense Reserve Fleet. Provided that net operating expenses as used herein shall be determined by reducing total operating costs, including costs incurred by MSTS in connection with the operation of the 10 ships, by any revenue that may be realized through the utilization by DOD of any spaces on these ships that may be surplus to AID requirements on any given sailing.

In the event that space surplus to AID requirements does not produce revenue, the entire operating cost shall be the financial responsibility of AID. Since the amounts required for net operating costs and deactivation costs cannot be determined at this time, AID will provide funds for these costs from any funds available to AID for these purposes at the time the amount of those costs can be determined. Any of the 10 ships which become surplus to AID requirements after activation will be offered to MSTS prior to deactivation. If MSTS has a requirement for such ships, MSTS will assume operation and financial responsibility for such ships upon specific OSD prior approval. Under such circumstances, AID will not be responsible for operation costs after the effective date of transfer to MSTS and the deactivation cost of any ships transferred to MSTS in accordance with the policy set forth above.

b. DOD will ensure that these ten (10) ships are operated as 'project ships' for the sealtift of AID cargo to Vietnam. In the event that AID has a surplus of space on any given sailing, and notifies the appropriate DOD agency in advance, DOD will, if practicable, utilize the surplus space and credit the AID financial account accordingly. In the event that AID cannot utilize one of the ten (10) ships when it is due to become available, and offers the ship to the appropriate DOD agency in advance, DOD will, if practicable, utilize that ship and substitute another ship for AID cargo at a later date.

c. Mixed AID/Military cargoes moving on these ten (10) ships will be subject to the same measures, established by CINCPAC to adjust the flow of cargo to RVN in accordance with the receiving capability of ports, as are military cargoes.

d. DOD will bill AID for services rendered.

2. In order to implement the above agreement, an interagency task force, to be chaired by OSD, will be formed, to include representatives from AID, the Special Assistant for Strategic Mobility (SASM) - JCS, the Military Traffic Management and Terminal Service (MTMMS), the Military Sea Transportation Service (MSTS), Department of the Army (D/A), Department of the Navy (D/N), and as applicable the Maritime Administration (MARAD).

3. This task force will develop detailed procedures for:

- a. The allocation of the use of these ten (10) general cargo ships.
- b. The integration of AID forecast cargo requirements into the DOD cargo forecasting system.
- c. The integration of AID shipments into the military transportation priorities system.

## FOREIGN ASSISTANCE

d. AID representation in the CINCPAC movements priorities agencies: the Pacific Movements Priorities Agency (PAMPA) and the Chief, Western Transportation Office (CHWTO).

e. CONUS inland routing and terminal services and RVN terminal services in behalf of AID.

f. Disposition of the ten (10) general cargo ships when AID requirements for them diminish and proration of related expenses.

g. Interagency billing and reimbursement.

h. Relating this agreement to other agreements for lifting AID cargo through military channels.

4. The development of these procedures should be timed so that the resulting system will become available before the first of the ten (10) reactivated ships is ready for service.

This Agreement, executed this 20th day of June 1966.

FOR THE DEPARTMENT OF DEFENSE:

FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT:

s/R. C. Moot

s/W. G. Stoneman

Deputy Assistant Secretary of Defense (I&L)

Deputy Assistant Administrator for the Far East

FOREIGN ASSISTANCE

FACSIMILE

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20522

June 21, 1966

Mr. Robert C. Moot  
DASD (I&L) (LOG SVC)  
Washington, D. C., 20310

Dear Mr. Moot:

Pursuant to the Memorandum of Understanding between our Agencies signed June 20, 1966, the Agency for International Development (AID) requests that the Department of Defense (DOD) take necessary action to effect the immediate breakout of ten general cargo vessels from the National Defense General Reserve for operation by MSTS as project ships in AID's behalf.

The ships to be broken out should be of Victory Class or better. Breakout and test criteria standards and procedures should be the same as those currently used for routine MSTS breakouts. It is requested that three to five ships be delivered per month commencing at the earliest feasible date, presumably late August. To the extent feasible, ships should be made available from breakout on the East and Gulf coasts.

Your signature in the space provided below will constitute an agreement in this matter between our respective Agencies. Upon your execution of this agreement, a cash advance in the amount of \$5.5 million will be made to MSTS. Funds in the amount of \$5.1 million are available for this purpose from appropriation number 72-1161006 allotment number 656-50-430-56-69-61. MSTS will use the funds advanced to pay for actual costs incurred in accomplishment of the breakout. MSTS will submit to AID a quarterly report on the status of the advance. As a minimum, the report will show amount advanced, amount obligated, and the estimated amount required to complete the work. Promptly upon completion of the work and receipt of related documentation, a final report will be submitted and the amount of the advance not used will be returned to AID. Costs in excess of \$5.5 million will not be incurred without prior approval of AID.

It is assumed that all arrangements for the breakout of these ten ships will be completed by June 30, 1966. We would appreciate confirmation from MSTS that this is a reasonable assumption.

Costs of operation of the ships will be covered by a separate procedure.

Sincerely,

SIGNED

Walter G. Stoneman  
Deputy Assistant Administrator, Far East

SIGNED

Accepted: \_\_\_\_\_  
DOD

ROBERT C. MOOT  
Deputy Assistant Secretary of Defense  
(Logistics Services)



## FACSIMILE

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

### MEMORANDUM OF UNDERSTANDING

1. Representatives of Agency for International Development, Washington, D.C. (AID/W) and Department of Defense (DOD) met in the Office of Far East Logistics (FE/LOG) AID/W during May 1966 to discuss implementation of Joint Chiefs of Staff (JCS) message 4308 dated October 15, 1965. This message provides for the assignment of Joint United States Agency for International Development, Vietnam (USAID/VN)-Military Assistance Command, Vietnam (MACV) Military Essential Transportation Priority Designators for the movement of AID and AID-sponsored cargo via the military transportation system. At the conclusion of these discussions it was agreed that Joint USAID/MACV Military Essential Transportation Priority ocean/air cargo from U.S. to Vietnam would be moved via the military transportation system in the following manner:

a. FE/LOG, AID/W will, based on information provided by USAID/VN, furnish ocean and air shipping forecasts to Department of the Army, Deputy Chief of Staff for Logistics (DA/DCSLOG) in accordance with the following:

(1) An ocean shipping forecast, covering a 4 month period, will be submitted each month to Department of the Army, ATTN: DCSLOG/TMD, Washington, D.C. not later than 30 days prior to the operating month (i.e. forecast for the months of Aug thru Nov are due NLT 1 July). Forecasts will list U.S. coast of origin, destination country, and measurement tons (40 cu. ft.) of each shipment, by month, for the following commodity groups: lumber, bulk grains, and other.

(2) An airlift forecast will be submitted each month to the same office. This forecast will be due NLT 80 days prior to the operating month (i.e. forecast for Sept will be due on 12 June). Requirements are to be in short tons by airlift channel, i.e. DOVER (DEL) - CAM RANH BAY; DOVER-SAIKON; KELLY (TEX)-SAIKON; TRAVIS (CAL)-SAIKON; TRAVIS-DANANG; TRAVIS-CAM RANH BAY. The initial submission should include all known requirements for intermediate months. Changes are reported as known by phone (OX 72262), confirmed in writing.

b. Shipments designated military essential will be identified in a Joint USAID/MACV message address and containing information as indicated in a sample format attached as Tab "A".

c. USAID/VN will forward all Procurement Authorizations (PA's), Procurement Authorizations and U.S. Government Agency Purchase Requisitions (PA/PR's), or other similar documents containing the assignment of a Joint USAID/MACV Military Essential Transportation Priority to FE/LOG, AID/W. USAID/VN will assure that these documents contain the following prior to their release:

- (1) Port of Discharge (POD).
- (2) JOINT USAID/MACV Military Essential Transportation Priority Designator.
- (3) Transportation Control Number (TCN). To be assigned by MACV.
- (4) Transportation Account Code (TAC). AS21 had been assigned for this purpose.
- (5) Water commodity code identification.
- (6) Pieces, weight and cube.
- (7) Required Delivery Date (RDD) at destination.

d. FE/LOG, AID/W will confirm receipt and contents of the Joint USAID/MACV message (paragraph 1 b above) with DA/DCSLOG.

## FOREIGN ASSISTANCE

e. Upon receipt of PA's, PA/PR's, or other documents containing the assignment of a Joint USAID/MACV Military Essential Priority (paragraph 1 c above), FE/LOG, AID/W will:

- (1) Screen documents to assure they contain information required in 1 c (1) thru (7) above.
- (2) Coordinate, as required, to assure that designated AID procurement agent/shipper complies with MILSTAMP documentation requirements and cargo offering and acceptance procedures outlined in paragraph 1 g (1) and (2) below.
- (3) Distribute documents to designated AID procurement agent.

f. Upon receipt of information indicated in paragraph 1 d above, DA/DCSLOG will confirm Army sponsorship of the shipment and advise Headquarters MMTS accordingly.

g. Upon determination of a firm shipment date, the designated AID procurement agent/shipper will:

- (1) Contact the appropriate MMTS area command to offer cargo for movement.
- (2) Prepare MILSTAMP documentation to effect shipment via the military transportation system.

h. Upon receipt of cargo offering from the AID procurement agent/shipper, the MMTS area commander will:

- (1) Arrange for booking of cargo which will, in so far as possible, meet the PDD of cargo at destination.
- (2) Issue an export traffic release to requesting agent/shipper.
- (3) Arrange for the receipt and loading of cargo within the designated port facility.

### 2. Financing:

a. DA/DCSLOG will bill AID/W on a monthly basis for U.S. port handling and ocean/air movement of AID cargo designated with Army Transportation Account Number A821. Charges will be actual amount billed DA by MMTS, Military Sea Transportation Service (MSTS), and/or Military Airlift Command (MAC) and will be an extract of the billing substantiation from these services. These billings will be forwarded to:

Department of State  
Agency for International Development  
Office of Far East Logistics, Rm. 3208  
Washington, D.C. 20523

b. Upon receipt of DA/DCSLOG billings indicated in paragraph 2a above FE/LOG, AID/W will forward same to USAID/VN for payment.

c. USAID/VN will effect reimbursement via check payable to Treasurer of the United States mailed to:

Director of Transportation, DCS/LOG  
Department of the Army  
Washington, D.C. 20310

3. Questions or problem areas relating to procedure outlined in this "Memorandum of Understanding" should be addressed to:

FOR AID: Department of State  
Agency for International Development  
Office of Far East Logistics  
ATTN: Mr. Edward Offutt, Rm. 3208  
Washington, D.C. 20523  
Tel: Areas Code 202, DUDLEY 3-7862  
IDS Code 182, Ext. 7862

**FOREIGN ASSISTANCE**

FOR DOD: Director of Transportation, DCS/LOG  
Department of the Army  
ATTN: Mr. William Krumwiede, Rm 1E608  
Pentagon  
Washington, D.C. 20310  
Tel: Area Code 202, OXford 75603  
IDS Code 11, Ext 75603

Enclosure  
Tab "A" - Sample Msg.

SIGNED

Walter G. Stoneman  
Deputy Asst. Administrator, Far East  
Agency for International Development  
Washington, D.C.  
June 8, 1966

SIGNED

Fred C. Allen, Col., GS, USA  
Acting Director of Transportation  
Department of the Army, DCS/LOG  
Washington, D.C.  
June 21, 1966

FOREIGN ASSISTANCE

EXHIBIT F  
Page 1 of 2

FACSIMILE

AGREEMENT  
BETWEEN  
THE AGENCY FOR INTERNATIONAL DEVELOPMENT  
AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES  
OF AMERICA, AND  
THE MINISTRY OF ECONOMY AND FINANCE  
AN AGENCY OF THE GOVERNMENT OF VIETNAM

Having regard to the Economic Cooperation Agreement between the Government of the United States of America and the Government of Vietnam, September 7, 1961, and of the diplomatic notes exchanged on the same day; and,

Having regard to Presidential Decree No. 88-TC, June 29th, 1966, Organizing the Central Purchasing Authority (CPA) at the General Directorate of Foreign Aid; and,

WHEREAS, in order to carry out the purposes of the arrangements respecting the economic and technical assistance requested by the Government of Vietnam and agreed to by the Government of the United States, the Commander, United States Military Assistance Command, Vietnam, has offered the services of a United States Military Agency appointed by him to relieve the Central Procurement Authority of certain of the duties, as specified in the aforementioned decree; and,

WHEREAS, the Government of Vietnam desires to accept this offer of assistance:

NOW THEREFORE, the parties above-named hereby mutually agree, as follows:

ARTICLE I

The United States Military Agency appointed by COMUSMACV as aforesaid shall forthwith assume responsibility and all necessary authority for performance of the following duties with which the Central Purchasing Authority is presently charged:

1. The receipt and discharge of all AID-financial commodities consigned to CPA;
2. The obtaining of customs clearances and all other clearances prescribed by applicable law or arrangements between the two Governments concerned, for such commodities;
3. The storage and warehousing of such commodities in-transit as necessary;
4. The transport of such commodities to such first destinations, including GVN holding areas and/or CPA/ministerial depots as may be designed by USAID/CPA.

ARTICLE IX

The assumption of duties by the U.S. Military Agency as herein mutually agreed shall in no way affect the existing rights and duties of the United States Government with respect to USAID/CPA cargo, and CPA will remain responsible for all other operations respecting such cargo, including warehousing and distribution to recipient agencies.

ARTICLE III

USAID sponsored or funded trucks, barges or other equipment made available to GVN for the discharge and clearance of AID-financed cargo will be made available by the GVN to the U.S. Military Agency for handling USAID/CPA cargo upon request.

**FOREIGN ASSISTANCE**

EXHIBIT F  
Page 2 of 2

**ARTICLE IV**

Any changes required in the present financing of operations will only be made by mutual agreement of the two Governments concerned.

**SIGNED**

\_\_\_\_\_  
Charles A. Mann, Director  
Agency for International  
Development

7/4/66

**SIGNED**

\_\_\_\_\_  
His Excellency Au Truong Thanh  
Minister of Economy and Finance

7/4/66

## FOREIGN ASSISTANCE

## FACSIMILE

<b>INTERSERVICE SUPPORT AGREEMENT</b>			1. EFFECTIVE DATE 4 July 1966		2. TERMINATION DATE 30 June 1969		3. AGREEMENT NUMBER 67-VS-074									
4. AGREEMENT NUMBER SUPERSEDED BY THIS AGREEMENT NONE				5. NAME AND ADDRESS OF SUPPLYING ACTIVITY Commanding General Headquarters, United States Army Vietnam APO San Francisco 96307												
6A. NAME AND ADDRESS OF RECEIVING ACTIVITY Director, United States Agency for International Development, Vietnam APO San Francisco 96243				6B. RECEIVING ACTIVITY ADDRESS CODE AT 8A01												
7. EST MONTHLY VALUES OF SUPPORT TO BE PROVIDED				8. CATEGORIES OF SUPPORT (Indicate codes from reverse)												
A. REIMS \$1,200,000.00	B. NON-REIMS None	C. TOTAL \$1,200,000.00	X					OTHER Port Services								
9. FUNDING AND REIMBURSEMENT ARRANGEMENT (Use blank sheet(s) of paper if additional space is necessary) Submit Standard Form 1080 monthly to Director, USAID/Vietnam, ATTN: ADFM, APO San Francisco 96243. (See Special Provisions, paragraph 7a)																
10. SPECIFIC PROVISIONS (Use blank sheet(s) of paper if additional space is necessary) a. This agreement is for the provision of water terminal, drayage, and related services to first destination within II, III, and IV Corps Tactical Zones, Republic of Vietnam, for USAID sponsored cargo consigned to an agency of the Government of Vietnam (GVN). b. Monthly manhours which will be spent in providing this support are estimated as follows: <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><u>COMMISSIONED</u></td> <td style="text-align: center;"><u>ENLISTED</u></td> <td style="text-align: center;"><u>DAC</u></td> <td style="text-align: center;"><u>LN/FN</u></td> </tr> <tr> <td style="text-align: center;">8,958</td> <td style="text-align: center;">76,791</td> <td style="text-align: center;">0</td> <td style="text-align: center;">103,420</td> </tr> </table> c. Personnel to be provided by the receiving activity: Qualified cargo expeditors/coordinators as may be required by the supporting unit/activity.									<u>COMMISSIONED</u>	<u>ENLISTED</u>	<u>DAC</u>	<u>LN/FN</u>	8,958	76,791	0	103,420
<u>COMMISSIONED</u>	<u>ENLISTED</u>	<u>DAC</u>	<u>LN/FN</u>													
8,958	76,791	0	103,420													
11A. TYPED NAME, POSITION, TITLE OF AUTHORIZING OFFICIAL OF SUPPLYING ACTIVITY J. A. GRAF, COL, GS, ACofS, G4				11B. SIGNATURE s/J. A. Graf			11C. DATE 15 June 1967									
12A. TYPED NAME, POSITION, TITLE OF AUTHORIZING OFFICIAL OF RECEIVING ACTIVITY D. E. BREAKFIELD, Asst Dir for Logistics				12B. SIGNATURE s/Robert W. May			12C. DATE 13 June 1967									
13. ANNUAL REVIEW AND/OR MINOR MODIFICATION																
A. DATE OF REVIEW				C. AUTHORIZING OFFICIAL OF SUPPLYING ACTIVITY												
B. NATURE OF MODIFICATION				D. AUTHORIZING OFFICIAL OF RECEIVING ACTIVITY												
A. DATE OF REVIEW				C. AUTHORIZING OFFICIAL OF SUPPLYING ACTIVITY												
B. NATURE OF MODIFICATION				D. AUTHORIZING OFFICIAL OF RECEIVING ACTIVITY												
A. DATE OF REVIEW				C. AUTHORIZING OFFICIAL OF SUPPLYING ACTIVITY												
B. NATURE OF MODIFICATION				D. AUTHORIZING OFFICIAL OF RECEIVING ACTIVITY												

DD FORM 1144  
1 NOV 64PREVIOUS EDITIONS ARE OBSOLETE. ALSO  
REPLACES DD FORM 1144C WHICH IS OBSOLETE

SHEET 1 OF 5 SHEETS

## FOREIGN ASSISTANCE

Categories of Support to be Provided: Put the code letter for each category which is applicable to this agreement in one of the small blocks under Item 8 on the reverse side.

### Supply Support or Maintenance Support

- |   |   |
|---|---|
| A Aircraft, Aircraft Equipment, and components  | K Photographic Equipment, and components                  |
| B Ammunition, Ordnance Equipment, and components  | L Petroleum Products and Chemicals                        |
| C Clothing and Textiles   | M Railroad Equipment, Ships, and components               |
| D Communication Equipment, and components   | N Subsistence supplies                                    |
| E Vehicles, Vehicular Equipment, Construction Equipment, Materiel Handling Equipment, Fire Fighting Equipment, and components | O Explosive ordnance disposal                             |
| F Electrical and Electronic Equipment, and components   | <u>Logistic Services Support (other than Maintenance)</u> |
| G General Supplies  | P Custodial   |
| H Medical and Dental Equipment, and components  | Q Purchasing and services                                 |
| I Parachute Repacking   | R Fire or Police Protection                               |
| J Missiles, Missile Equipment, and components   | S Housing or Lodging                                      |
|   | T Laundry or Dry Cleaning                                 |
|   | U Medical or Dental                                       |
|   | V Messing   |
|   | W Storage or Warehousing                                  |
|   | X Transportation  |
|   | Y Utilities   |
|   | Z Mortuary Services                                       |

FOREIGN ASSISTANCE

FACSIMILE

LOGISTIC SERVICES AGREEMENTS

ISSA NUMBER 67-VS-074

1. Common supply items provided by the agent in conjunction with the provision of the services specified in this agreement will be charged for at stock list price or at cost of local procurement, whichever is applicable. In addition, the following accessorial charges will be applied to the cost of all nonlocally procured items at the rates stipulated in DOD Instruction 7510.1:

CONUS Port Loading and Handling.  
Ocean Transportation to FE.  
Overseas Port Unloading and Handling.  
Overseas Inland Transportation.  
Overseas Depot Packing, Crating and Handling.

An additional 3% charge will be applied to the cost of locally procured items to cover transportation and handling costs.

2. Service peculiar items required in the execution of this agreement will be provided by the principal.
3. Costs of civilian labor, other than contract labor, will be subject to an additional charge of 29% to cover costs of leave, sick leave, etc. Contract labor will be charged for at contract cost.
4. Any costs of travel and/or TDY incurred by the agent in execution of the services covered by this agreement will be defrayed by the principal. The principal will provide consent to such travel, in writing, in advance.
5. Support provided non-US Government, non-MAP agencies will be subject to an additional 1% surcharge to cover costs of administration and overhead.
6. In event of failure of the receiving activity to accept the full quantity of reimbursable support provided for herein, the supplier shall make all reasonable efforts to absorb and/or redistribute any excesses of supplies and/or service capabilities to prevent loss to the Army. If such redistribution or absorption cannot be accomplished and a loss results to the supplier, the receiving activity shall reimburse the supplier to the full extent of such loss in the same manner as if the requested support had in fact been accepted.
7. Special Provisions:

a. Reimbursement:

(1) Monthly billings will be made. Billing will include vessel name, voyage number, measurement tons handled, date discharge commenced, and rate in effect on that date.

(2) USAID will be billed by the US Army for terminal handling, drayage, and related services on the basis of receipted (facsimile) Transportation Control and Movements Documents (TCMD's) as proof that cargo billed to USAID has arrived at USAID first destination warehouses. Exceptions, if any, will be claimed by separate action within thirty days of billing.

(3) Reimbursement will be based on the average estimated cost per measurement ton multiplied by actual tonnage of USAID sponsored cargo handled each month through port to first destination with II, III, and IV Corps Tactical Zones, RVN. The average cost per measurement ton will be provided by the supporting Transportation Command. USARV will establish in advance of each quarter an average handling (discharge and movement) charge per ton. Cargo handled will be charged at this predetermined rate which will be designed to recover the full costs of handling AID tonnage. Rates will be adjusted in subsequent quarters as may be necessary to assure that actual costs in both prior and subsequent periods are recovered. On agreement of USAID and USARV certain commodities may be exempt from the aforementioned average cost reimbursement procedure and use a special rate per ton. (i.e. rice, due to the inflationary effect of an average ton rate on the RVN economy).

SHEET 1 OF 2 SHEETS



## FOREIGN ASSISTANCE

### LOGISTICS SERVICES AGREEMENTS (CONT)

ISSA NUMBER 67-VS-074

(4) Reimbursement is retroactive to 4 July 1966. Billing prior to 1 July 67 will not be required to be supported by receipted TCMD's from first destination consignee.

b. Scope: This agreement applies to those government-to-government commodities sponsored by AID which meet the following criteria:

(1) They are procured by the Central Purchasing and Supply Authority, or the US General Services Administration (GSA), or the US Department of Agriculture (USDA), or other US Government agencies for the account of AID.

(2) They are consigned to the Government of Vietnam, a US Government Agency, or authorized voluntary agencies.

(3) They will be discharged in the Republic of Vietnam (RVN) under US military auspices, as provided for in the US/GVN Agreement of 4 July 1966.

#### c. USARV Responsibilities:

USARV will accomplish the following services for USAID within US Army operated water terminals in II, III and IV Corps Tactical Zones, Republic of Vietnam.

(1) Notify first destination consignee when to expect discharge and delivery of cargo.

(2) Obtain customs clearance and all other clearances prescribed by applicable law or arrangement between the two governments concerned for such commodities.

(3) Provide or arrange for the transport of cargoes to first destination consignees as indicated on cargo delivery instructions received from USAID. Such first destination is limited to a destination within the port of discharge area and is not to be construed as requiring greater movement than that which is commonly involved in port clearance.

(4) Provide or arrange for the discharge of all USAID cargoes manifested on each ship.

(5) Obtain a receipted copy of delivery document (TCMD) from first destination consignee. This document will be annotated to show date, condition and count of all cargoes delivered and signature of person receiving same.

(6) Furnish USAID Transportation Port Liaison Representative the following data pertaining to the discharge and movement to first destination consignee of all USAID cargoes that arrived at US Army Vietnam water terminal on each ship during the accounting period.

(a) A listing of USAID cargoes manifested on each ship.

(b) Corrected cargo listings (commercial ships) or outturn report (military ships) to indicate amounts and conditions of cargoes actually discharged from ship.

(c) Receipted (facsimile) copy of TCMD's with a copy of the transmittal letter reflecting billing information.

(7) Maintain necessary statistical data for reporting purposes and render joint USARV/USAID reports as specified and agreed upon by both parties.

(8) Maintain and make available for audit and inspection purposes, up-to-date files pertaining to the accomplishment and documentation of these activities.

#### d. USAID Responsibilities:

(1) Provide Port Liaison Representatives to assist and coordinate USARV effort outlined herein. USAID Port Liaison Representatives will:

(a) Five days prior to arrival of ship at berth or buoy for discharge furnish the appropriate US Army terminal activity two copies of cargo delivery instructions for each item of USAID cargo manifested thereon.

SHEET 2 OF 2 SHEETS

## FOREIGN ASSISTANCE

### LOGISTIC SERVICES AGREEMENTS (CONT)

ISSA NUMBER 67-VS-074

(b) Arrange for prompt unloading of cargoes at first destination consignee. This will include continuous (24 hours a day, 7 days a week) reception capability to the extent possible.

(c) Furnish, within available resources, such other assistance to the appropriate US Army terminal activities as determined feasible and applicable, to assist in the overall accomplishment of those functions outlined herein.

(2) Provide continuous representation to the MACV Ships Destination and Priority Meetings for coordination of vessel arrival and discharge priority activities.

(3) Provide for palletization and unitization of cargo where feasible and advisable.

(4) Provide to the supporting activity necessary statistical data not available to the supporting activity for required reports.

(5) Maintain and make available to the supporting activity or third party representatives for audit and/or inspection purposes, up-to-date files pertaining to USAID responsibilities outlined herein.

(6) Will insure that first destination consignee complies with procedures developed pertaining to receipting for and returning TCMD's to the appropriate supporting activity.

(7) Will accept as valid all signatures on receipted TCMD's from first destination consignee.

e. Termination: Either party may terminate this agreement prior to the established termination date by giving at least 30 days notice to the other.

f. Mobilization: In event of mobilization or other emergency, this agreement will remain in force subject to the cancellation provisions as stated in paragraph 7e, above.

FACSIMILE

July 25, 1966

MEMORANDUM OF UNDERSTANDING

Background: Recently, the Director of The Agency for International Development, Saigon, and The Minister of Economy and Finance have signed an Agreement by which a COMUMACV-appointed Military Agency shall perform certain duties which the Central Purchasing authority is presently charged.

- I. The meeting was held in the office of The Director of The Central Purchasing Authority on 22 July 1966, between Colonel FUSON, Commanding Officer, 4th Terminal Command, Mr. CROWN-OVER, Acting Assistant Director for Logistics, USAID/Saigon, and Mr. PHAM-NAM-TRUONG, Director of C.P.A. Also present at the meeting were Colonel OWEN, MACV J-4 Staff, Major JOHNSON, MACV, Colonel MA-QUANG-GIAC Chief of C.P.A. Material Center, Mr. LOGAN, Port Advisor, USAID/Saigon, Mr. THAN H. DA, Chief of C.P.A. Programming and Statistics Office.

The following terms were agreed to at the meeting:

1. The U.S. Military Agency shall be responsible for the receipt and discharge of AID financed or sponsored commodities consigned to CAP, which are commonly known as Counter-Insurgency, PA, FM commodities and charity commodities (Catholic Relief Service etc...)
  2. The U.S. Military Agency shall obtain customs clearance for the aforementioned commodities. The Central Purchasing Authority shall assist the U.S. Military Agency, if necessary, with its procedure know-how.
  3. The U.S. Military Agency shall have such commodities temporarily stored in its transit warehouses if the commodities cannot be received immediately by recipient agencies without levying storage fees. Both the U.S. Military Agency and the Central Purchasing Authority recognize that the commodities should be delivered directly from ships to recipient agencies' warehouses or first destination on an expeditious basis.
  4. The cost of all aforementioned operations, which shall be performed by the U.S. Military Agency, shall be financed by the U.S. Government.
- II. For instructions of the Minister of Economy and Finance The Central Purchasing Authority agrees that the U.S. Military Agency shall also assume the responsibility for receipt and discharge of Rice, which is imported by the Ministry of National Economy under PL 480 commodities title I Food for Peace Program.
    1. The cost of unloading and delivering Rice to first destination shall be financed by the U.S. Government.
    2. The cost of demurrage, if any, shall be paid by the U.S. Government. The U.S. Military Agency recognizes that the unloading of Rice should be performed and completed within the period of time stipulated in the Charter-Party.

Commanding Officer of 4th  
Terminal Command

Director of Central Purchasing  
Authority

Assistant Director for Logistics,  
U.S.A.I.D., SAIGON

Distribution:  
Col. OWEN, MACV J-4 Staff  
Col. MA-QUANG-GIAC, Material Center, CPA  
Major JOHNSON, MACV  
Mr. LOGAN, Port Advisor, USAID/SAIGON

FOREIGN ASSISTANCE

FACSIMILE

LETTER OF AGREEMENT

Port Cargo Handling Equipment:

This letter constitutes an agreement between the Director General of Ports (DGCP) on behalf of Government of Vietnam (GVN) and the United States Agency for International Development, Vietnam (USAID) concerning certain equipment provided by USAID to be used in the operation and clearance of ports in Vietnam. The authorized recipient of this equipment for the GVN will be Director General of Commercial Ports (DGCP).

RESPONSIBILITIES OF THE U.S. GOVERNMENT

USAID agrees to:

1. Provide certain equipment as mutually agreed to the DGCP for use in operations in the various ports of Vietnam depending on the availability of U.S. Government funds. This equipment includes trucks, materials handling equipment, cargo handling gear, pallets and such other items as may be necessary in the expeditious and efficient handling of cargo.
2. Provide technical personnel as may be required to instruct the operators in the use and maintenance of this equipment.
3. To furnish shop equipment and tools to the DGCP as may be needed for maintenance depending on the availability of U.S. Government funds.

RESPONSIBILITIES OF THE GOVERNMENT OF VIETNAM

The GVN, through the DGCP, agrees to:

1. Receive, inventory and maintain records for all equipment provided under this agreement.
2. Allocate certain of this equipment, as mutually agreeable to the DGCP and USAID, to other ports in the Republic of Vietnam.
3. Lease this equipment to commercial interests for port clearance and port cargo handling.
4. Maintain this equipment in as high a state of readiness as possible.
5. Obtain repair parts on a reimbursable basis from the National Inventory Control Point (NICP).
6. Recognizing that the ports of Vietnam are autonomous, the DGCP agrees to maintain accounts and manage the collection and deposit of all funds associated with this agreement. The monies received for the use of this equipment, after deduction of operating costs, will be deposited into a separate fund managed by the DGCP for port and marine improvement. It is mutually understood that funds accruing from this arrangement, will be programmed for use by the DGCP as may be mutually agreed. USAID reserves the right to audit such accounts.

ADDITIONAL AGREEMENT

1. By mutual consent, this Letter of Agreement may be amended at any time.

SIGNED

Pham Dung Lan  
Director General of Commercial Ports

26 July 1966  
Date

SIGNED

D. E. Breakefield  
Assistant Director for Logistics

26 July 1966  
Date

## FACSIMILE

20 AUG 1966

### DOD/AID PROCEDURES FOR MILITARY TRANSPORTATION OF AID CARGOES TO VIETNAM

1. DoD Assumption of Responsibility for the Movement of AID Cargo. In view of the growing interest between the Department of Defense (DOD) and the Agency for International Development (AID) in operations in Vietnam (VN) and to facilitate maximum utilization of available United States flag shipping, the following procedures are adopted to govern the sealift of USAID cargo to Vietnam.

2. Scope of Agreement. These procedures apply to those government-to-government commodities, sponsored by AID, which meet the following criteria:

a. They are procured by the Central Purchasing Authority, or the US General Service Administration (GSA), or the US Department of Agriculture (USDA) or other US Governmental agencies for the account of AID, and,

b. They are consigned to the Government of Vietnam (GVN) Central Purchasing Authority (CPA), and

c. They will be discharged in the Republic of Vietnam (RVN) under US military auspices, as provided for in the US-GVN agreement of 4 July 1966, or mutually agreed revisions thereto.

3. Categories of AID Cargoes. It is estimated that under these procedures approximately 170,000 measurement tons of AID cargoes per month will flow through the military transportation control system to VN, most of it destined to Saigon. It is estimated that an equivalent pipeline of 60 Victory types ships will be required to move this additional AID cargo. Under these procedures AID will be treated the same as a Military Shipper Service and thereby be subject to existing military regulations and procedures for the movement of AID cargoes. The following is a summary of governing procedures for the handling of the various types of AID cargo:

a. General Cargo Procured for AID by GSA or other U. S. Government Agencies. This tonnage is estimated by AID to total approximately 60,000 measurement tons (M/T) per month during FY 1967. AID cargo originating in CONUS will enter the military transportation system via Military Traffic Management and Terminal Service (MTMTS) release to the CONUS port, with the General Services Administration (GSA), or other U. S. Government Agencies providing the necessary documentation. The Military Sea Transportation Service (MSTS) will provide shipping for this AID cargo through normal ocean cargo booking procedures. PAMPA (PACOM Movements Priority Agency), in coordination with Western Area, MTMTS, will determine the order of priority movement of cargo into VN against port capacity forecast provided by MACV and the shipping capability provided by MSTS. At the destination port in VN, this cargo will be off-loaded the same as military cargo, with delivery to first destination in accordance with joint agreements between MACV and AID/VN. General cargo will be moved under MILSTAMP Supply Priority 20, except for that portion designated as military essential.

b. Military Essential Cargo. This is a relatively small tonnage category of AID cargo which normally has a high movement priority. Present arrangements call for this cargo to be sponsored by the Department of the Army, after designation by joint MACV AID/VN message. Upon the approval and implementation of these procedures, AID/Washington will take appropriate action on the MACV/AID-VN messages, assuming responsibility for supervising such cargo and insuring that it enters the military transportation system, and is funded for in the same manner as outlined herein.

c. Dry Cargo, Bagged Commodities, Sheet Metal, etc., Now Procured by USAID or the Central Purchasing Authority/VN (76,000 M/T month) and Dry Cargo Procured by GSA or the Department of Agriculture on a Government-to-Government basis for VN (24,000 M/T per month). As a shipper service, AID will provide for the entrance of this cargo into the military transportation system, including documentation. This will require that arrangements be made between AID and the U. S. Department of Agriculture as well as with the GSA.

## FOREIGN ASSISTANCE

### 4. The AID Forecast of Cargo Requirements for Movement in the Military Transportation System. AID will provide:

#### a. MTMS with:

(1) Projected cargo movements from CONUS by port and overseas destination area and by commodity in M/T for the purpose of planning, staffing and rate computation.

(2) CONUS annual forecast by quarter for fiscal years will be submitted to MTMS no later than 15 June of the preceding year. The FY 1967 program normally would have been submitted 15 June 1966; however, the FY 1967 forecast will be submitted ASAP.

(3) Quarterly CONUS forecasts during the year updated 45 days prior to the quarter, or the 15th of May for the quarter ending 30 September; 15 August for the quarter ending 31 December 65; 15 November for the quarter ending 31 March; and 15 February for the quarter ending 30 June of each year.

b. MSTS with CONUS and overseas projected cargo movement requirements in accordance with existing DoD procedures governing the submission of sea-lift requirements and the assignment and allocation of sea transportation space as set forth in current regulations and procedures. Such additional detailed implementing procedures as may be required will be prepared by representatives from the interested agencies.

### 5. The Integration of AID Shipments into the Military Transportation Priorities System. AID will convert to the MILSTRIP/MILSTAMP system as their commodities are introduced into the Military transportation system and arrange for its delegate U. S. Government agencies to follow this system. This will require:

a. USAID/VN to forward all Procurement Authorizations (PA's), Procurement Authorizations and U. S. Government Agency Purchase Requisitions (PA/PR's), or other similar documents containing the assignment of a Transportation Priority to FE/LOG, AID/W. USAID/VN will assure that these documents contain the following prior to their release:

- (1) Port of Discharge (POD).
- (2) USAID Transportation Priority Designator.
- (3) Transportation Control Number (TCN), to be assigned by AID/VN.
- (4) Transportation Account Codes (TAC).
- (5) Water commodity Code identification.
- (6) Pieces, weight and cube.
- (7) Required Delivery Date (RDD) at destination.
- (8) Consignee Designator.

#### b. Upon receipt of PA's, PA/PR's, or other documents FE/LOG, AID/W will:

- (1) Screen the documents to assure that they contain the required information.
- (2) Distribute documents to designated AID procurement agent.
- (3) Coordinate, as required, to assure that designated AID procurement agent/shipper complies with documentation requirements and cargo offering and acceptance procedures.

### 6. Inland Routing and Terminal Services.

#### a. Inland Routing and Terminal Services.

(1) MTMS will provide CONUS inland routing as requested and port handling and terminal services for AID cargoes moving to VN. Port Commands in PACOM will arrange for similar services as may be mutually agreed between appropriate military commanders and AID representatives. Upon determination of a firm shipment date, the designated AID procurement Agency/shipper will:

## FOREIGN ASSISTANCE

a. Request an export routing/release with or without a carrier routing from the appropriate MTMS area command in CONUS or Port Command in PACOM as prescribed by current procedures.

b. Prepare Transportation Control Movement Document and Bill of Lading Documentation for shipment to port of export.

(2) Upon receipt of cargo offering from AID procurement Agent/shipper, MTMS area Commander in CONUS or Port Command in PACOM will:

a. Arrange for the booking of cargo by MSTs in accordance with priority and RDD of cargo.

b. Issue an export traffic release to requesting AID Procurement Agency/shipper.

c. Arrange for the receipt and the routing of cargo within the designated port.

d. Prepare ocean documentation and distribute in accordance with MILSTAMP procedures.

### b. Overseas Port Terminal Services.

(1) The procedures for providing terminal services in VN for the movement of AID cargo through the military transportation system will be in accordance with locally agreed procedures and/or cross service agreement between the USAID/VN and the appropriate military commander. The agreements should identify the services to be rendered, the basis of billing AID/VN for services, and the frequency of billings.

(2) The procedures for providing terminal and related ocean services overseas, in areas other than VN, will be in accordance with present military procedures in the country concerned or in accordance with local procedures and/or agreements between the USAID/VN and appropriate Military Commander.

7. Charter Contracts. The Department of State, Agency for International Development, will transfer the charter contracts for the two C-3's (AMERICAN ORIOLE, AMERICAN FALCON) to COMSTS for integration into the MSTs controlled fleet. The contracts will be administered by the Contracting Officer, MSTs. All contractual obligations of the Government will be borne by COMSTS, and all payments to the owner disbursed from NIF.

### 8. Interagency Billing and Reimbursement.

a. Appropriate DoD agencies will bill AID monthly on SF 1080, "Transfers Between Appropriations and/or Funds", for services furnished, billings will be forwarded to:

Department of State  
Agency for International Development  
Office of the Far East Logistics, Room 3208  
Washington, D. C. 20523

### b. Military Sea Transportation Service.

(1) MSTs will bill AID monthly for ocean transportation charges based on tariff rates contained in COMSTS Instruction P 7600.3 (Series).

(2) MSTs will not provide any additional billing data beyond that furnished to other DoD customers.

### c. Military Traffic Management and Terminal Service in CONUS.

(1) MTMS will bill AID monthly for:

a. Trans-shipment charges based on tariff rates contained in MTMS pam 55-2.

b. Additional charges for lining and delining of vessels when required by the cargo trans-shipped as well as for the processing of vehicles as required.

## FOREIGN ASSISTANCE

(2) MTMS will not provide any additional documentation beyond the normal MILSTAMP documentation.

d. Port Handling and Terminal Services in PACOM. Reimbursement for such services will be in accordance with procedures as established between USAID/VN and individual Port Commands.

e. Agency for International Development.

(1) AID will reimburse MSTS and MTMS (Eastern and Western Areas) monthly within ten days of receipt of SF 1080 for the full amount. Exceptions, if any, will be claimed by separate action within 30 days of payment.

(2) Furnish EAMTMS, Brooklyn, N. Y., 11250 and WAMTMS, Oakland, California 94626; quarterly reimbursable orders to cover estimated Port Terminal and handling costs. Such orders will show a single appropriation fund citation and certify that such funds are available and have been obligated.

### 9. AID Representation and Liaison with DoD Agencies.

a. AID will provide representation in the Pacific Movements Priorities Agency (PAMPA) and the Western Transportation Office (WTO) for all AID cargo moving through the military transportation system.

b. AID will provide liaison representation with the MSTS and the MTMS as jointly agreed with each of these DoD Single Manager transportation agencies.

### 10. Questions or Problem Areas Relating to the Procedures Should be Addressed to:

a. AID: Department of State  
Agency for International Development  
Office of the Far East Logistics  
ATTN: Transportation Officer, Room 3208  
Washington, D. C. 20523

TEL: Area Code 202, Dudley 3-7862  
IDS Code 182, Ext. 7862

b. Department of Defense

#### (1) Military Sea Transportation Service

Department of the Navy  
Commander, MSTS  
ATTN: Director of the Cargo Division  
Room 2111, Bldg T-8  
Washington, D. C. 20310

TEL: Area Code 202, OXford 6-9426  
IDS Code 11, Ext. 69426

#### (2) Military Traffic Management and Terminal Service

Commander, MTMS  
ATTN: Director of FRT Traffic  
Room 602, NASSIF Bldg  
Washington, D. C. 20310

TEL: Area Code 202, OXford 4-3993  
IDS Code 11, Ext. 43993

(3) MILSTRIP/MILSTAMP- Requirements for recognition of data element and codes concerning the application of MILSTRIP/MILSTAMP procedures will be addressed to:

Headquarters, Defense Supply Agency  
Cameron Station  
ATTN: DSAH-LSD  
Alexandria, Va. 22314

TEL: Area Code 202, OXford 8-1374  
IDS Code 11, Ext. 81374



## FOREIGN ASSISTANCE

These joint procedures are effective upon issuance, and supersedes Memorandum of Understanding between DoD and AID regarding a concept for military transportation of AID cargoes to RVN dated 20 June 1966.

For the Department of Defense:

s/V. F. Caputo for

Robert C. Moot  
For Deputy Assistant Secretary of Defense  
(Logistics Services)

For the Agency for International  
Development:

SIGNED

W. G. Stoneman  
Deputy Assistant Administrator  
for the Far East

FOREIGN ASSISTANCE

FACSIMILE

LETTER OF AGREEMENT

Floating Equipment:

This letter constitutes an agreement between the Director General of Commercial Ports (DGCP) on behalf of the Government of Vietnam (GVN) and the United States Agency for International Development, Vietnam (USAID) concerning receipt and operations of certain floating equipment provided by USAID to be used in the ports of Vietnam. The authorized recipient of this equipment for the GVN will be the DGCP.

RESPONSIBILITIES OF THE U.S. GOVERNMENT

USAID agrees to:

1. Provide certain floating equipment, as mutually agreed, to the DGCP for use in operations in the various ports of Vietnam. This equipment may include tugs, lighters and such other items of floating equipment as may be necessary in the efficient operation of the ports.
2. Provide technical personnel, as mutually agreeable, to instruct the operators in the use and maintenance of this equipment.

RESPONSIBILITIES OF THE GOVERNMENT OF VIETNAM

The GVN, through the DGCP, agrees to:

1. Receive, inventory and maintain records for all equipment provided under this agreement.
2. Allocate certain of this equipment, as mutually agreed, to other sea or river ports in the Republic of Vietnam.
3. Provide crews for all equipment to insure the safe and efficient operation and maintenance of the equipment.
4. Maintain the equipment in as high a state of readiness as possible.
5. Lease this equipment at the official tariff to responsible commercial interests, as mutually agreed, but only for local use in the assistance of ship discharge or port clearance. The Central Purchasing Authority will be given priority in leasing of lighters for the loading/discharge of coastal vessels.
6. Recognizing that the ports of Vietnam are autonomous, the DGCP agrees to maintain accounts and manage the collection and deposit of all funds associated with this agreement. The monies received for the use of this equipment, after deduction of operating costs, will be deposited into a separate fund managed by the DGCP for port and marine improvement. Funds accruing from this arrangement will be programmed for use by the DGCP as may be mutually agreed. USAID reserves the right to audit such accounts.

ADDITIONAL AGREEMENT

1. By mutual consent, this Letter of Agreement may be amended at any time.

SIGNED

\_\_\_\_\_  
Pham Dang Lan  
Director General of Commercial Ports  
Date: \_\_\_\_\_

SIGNED

\_\_\_\_\_  
D. E. Breakfield  
Assistant Director for Logistics  
Date: 30 Sept 66

FOREIGN ASSISTANCE

FACSIMILE

MACV/USAID/VN AGREEMENT

WATER TERMINAL, DRAYAGE AND RELATED SERVICES IN VIETNAM

1 December 1966

1. REFERENCES:

a. DOD/AID procedures for military transportation of AID cargos to Vietnam, 29 August 1966.

b. Agreement between USAID, an agency of the US Government, and Ministry of Economy and Finance, an agency of the GVN, 4 July 1966.

2. PURPOSE: To outline the procedures for the US military to provide water terminal service and drayage to first destination within RVN of USAID sponsored cargo consigned to an agency of GVN.

3. SCOPE OF AGREEMENT: These procedures apply to those government-to-government commodities sponsored by AID which meet the following criteria:

a. They are procured by the Central Purchasing Authority, or the US General Services Administration (GSA), or the US Department of Agriculture (USDA), or other US Government agencies for the account of AID, and,

b. They are consigned to the Government of Vietnam (GVN), a US Government agency, or authorized voluntary agencies, and,

c. They will be discharged in the Republic of Vietnam (RVN) under US military auspices, as provided for in the US-GVN agreement of 4 July 1966.

4. MACV RESPONSIBILITIES: MACV will accomplish the following services for USAID-VN:

a. Discharge in RVN, where there is a military water terminal facility, those commodities defined in paragraph 3 of this agreement.

b. Transport such commodities to first destination. Such first destination is limited to a destination within the port of discharge area and is not to be construed as requiring greater movement than that which is commonly involved in port clearance.

c. Obtain customs clearance and all other clearances prescribed by applicable law or arrangement between the two governments concerned for such commodities.

d. Notify first destination receivers when to expect discharge and delivery of cargo.

e. Deliver, as required and available, to USAID/Logistic Liaison Representative located at Cargo Accounting Division, of the Military terminal concerned:

(1) Copy of Ship's Summary

(2) Copy of Corrected Ship's Summary

(3) Copy of TQPD showing cargo departed the military terminal.

f. Maintain necessary statistical data for reporting purposes and render joint MACV/USAID reports as specified and agreed upon by both parties.

g. Review, adjust and submit to USAID prior to the start of each quarter basis for local terminal drayage and related charges.

5. USAID RESPONSIBILITIES: USAID responsibilities are to:

a. Provide continuous representation at the MACV Ships Destination and Priority Meeting, to provide notification of vessel arrival and desired priority of discharge.

## FOREIGN ASSISTANCE

### MACV/USAID/VN AGREEMENT

b. Provide terminal operators with the location of the first destinations for all cargo as defined in paragraph 3 (Ref para 4d). This information should be provided at least 24 hours in advance of ship arrival.

c. Provide to the MACV designated agencies necessary statistical data not available to US military for required reports.

d. Arrange for prompt unloading at first destination to include continuous (24 hours a day, 7 days a week) reception capability, as applicable.

e. Provide for palletization and unitization of cargo where feasible and advisable.

#### 6. INTER-AGENCY BILLING AND REIMBURSEMENT:

a. The US military will submit reimbursement voucher monthly to USAID utilizing Standard Form 1080 for terminal drayage and related services within RVN. Billings will include all tonnage discharge from vessels completed during the preceding month and will include vessel name, voyage document number and measurement tons discharged. Billing address is as follows:

Director USAID  
ATTN: ADFM  
APO 96243

b. The US military will not provide any additional substantiating billing data beyond that furnished to other DOD customers.

c. USAID will reimburse the US military for terminal, drayage and related services within RVN on the basis of verified receipts at first destination based on quantities shown on the TCMD's. Payment via SF 1080 will be made within 10 days of verification. Exceptions, if any, will be claimed by separate action within thirty (30) days of payment. Military personnel/equipment costs will not be billed to USAID.

7. REPORTS: All reports pertaining to capabilities, estimated requirements and performance for the ports in RVN will be joint MACV/USAID messages dispatched to both military and USAID addresses.

#### 8. EFFECTIVE DATE:

a. These joint procedures are effective upon issuance for the port of Saigon and take precedence over previous agreements on the same subject.

b. These procedures will become effective in other RVN ports when the cargo is shipped into these ports under military auspices.

SIGNED

D. G. MACDONALD  
For Director, USAID/VN

FOR THE COMMANDER:

SIGNED

W. B. ROSSON  
Major General, USA  
Chief of Staff, MACV

FOREIGN ASSISTANCE

FACSIMILE

DISPOSITION FORM			
(AR 340-15)			
REFERENCE OR OFFICE SYMBOL		SUBJECT	
MACJ45		PL 480 Rice	
TO	FROM	DATE	CMT 1
Memorandum for MG Dunn	T&M Div	24 Apr 67	
		LTC Mattingly/rpb/60501	
<p>1. Reference is made to your question on paragraph 4e, attached memorandum.</p> <p>2. The reasons USAID desires responsibility for discharge of rice to be returned to GVN are:</p> <p>a. USAID is supposed to collect from GVN the port handling charges for PL 480 rice.</p> <p>b. Through an agreement between USAID and GVN, made at too low a level to be official, USAID agreed that the US government would be responsible for costs of military handling. USAID is trying to abrogate this illegal agreement.</p> <p>c. According to USAID, GVN does not want to pay the military rate and wants to handle rice again.</p> <p>3. Apparently the reasons for 1st Log Command's reluctance to give up this responsibility are:</p> <p>a. Fear that GVN cannot handle it expeditiously.</p> <p>b. The probability that if such is the case, 1st Log would have to reassume the responsibility having redistributed assets involved.</p> <p>4. It would appear that MACV's position should be to return the responsibility to GVN as rapidly as it can be shown that the GVN is capable of clearing the cargo through the port.</p>			
1 Incl: MFR 1st Log Cmd		<p>SIGNED</p> <p>JOSEPH D. HUGHES</p> <p>Colonel, TC</p> <p>Dep Ch, Trans &amp; Mov Div</p>	

FOREIGN ASSISTANCE

FACSIMILE

EMBASSY  
OF THE  
UNITED STATES OF AMERICA

U.S. AID MISSION TO VIETNAM

10 May 1967

APO 96243

TO : General William C. Westmoreland  
Commanding General  
Military Assistance Command Vietnam

FROM : D. G. MacDonald (signed)  
Director

SUBJECT: Discharge of PL 480 Rice

In July, 1966, the 4th Transportation Command assumed the functions of discharging and delivering to first destination PL 480 Title I rice consigned to the Central Procurement Agency for the account of the Ministry of Commerce at Saigon. Additionally, U.S. Military port commands have assisted the Ministry of Commerce in discharging rice at the Northern ports of Vietnam that has been allocated to the ARVN by the Ministry of Commerce.

Public Law 480 transfers title to surplus commodities to the recipient government when a ship is loaded in the United States. The recipient government must pay freight, demurrage and discharging costs. The only cost that can be absorbed by the U.S. Government is the freight differential between U.S. flag shipping and foreign flag shipping.

Since the U.S. Military assumed responsibility for discharge, a multitude of problems have developed. The GVN refuses to pay demurrage on the basis that they did not discharge the vessels and accordingly are not responsible for delays. Also, the matter of re-imbursement to the First Logistics Command for stevedoring and delivery of rice has created a problem. This \$10.60 per measurement ton charge must be passed on to the GVN. The GVN has indicated that it will refuse to honor the charge because it can do the job for much less. Finally, the GVN holds the American Community responsible for alleged rice losses, which cannot be proven either way. This last problem creates dissension.

With the reduction in shipping at Saigon and the ready availability of buoys, which now exceeds demands, the time now appears propitious to approach the GVN with the recommendation that they assume full responsibility and costs for discharging rice. I have every reason to believe that they can do this expeditiously as this is a vitally needed commodity in-country. Return of responsibility for discharge of rice to the GVN would also resolve, for the future, problems of demurrage payments, discharging costs, and claims for loss.

Your early consideration and response to my proposal will be appreciated.

FOREIGN ASSISTANCE

FACSIMILE

MACJ45

17 May 1967

MEMORANDUM FOR: MR. DONALD C. MACDONALD  
DIRECTOR, UNITED STATES AGENCY FOR  
INTERNATIONAL DEVELOPMENT  
SAIGON, VIETNAM

SUBJECT: Discharge of PL 480 Rice

1. In your letter dated 10 May 1967, subject above, you indicated that the time now appears propitious to approach the GVN with the recommendation that they assume full responsibility and costs for discharging rice.

2. The above recommendation would appear to be valid at this time; however, the turnover of such a responsibility to the GVN would not be valid without assurance of their capabilities to perform such a mission. It is with this view that the Commanding General, United States Army, Vietnam has been directed to conduct a study relative to the effect such a turnover now would have on both the GVN commercial and the United States Army, Vietnam port operations. We must assure ourselves that no action is taken to affect adversely the port operations just at the time when our capability under current operations is meeting requirements.

3. The strengthening of the civilian operation of the port to make it self-sufficient is one of our major objectives. A conclusive reply to your letter will follow immediately after the completion of the above noted study.

SIGNED

W. C. WESTMORELAND  
General, United States Army  
Commanding

## FACSIMILE

MEMORANDUM OF UNDERSTANDING  
BETWEEN THE  
DEPARTMENT OF ARMY  
AND THE  
AGENCY FOR INTERNATIONAL DEVELOPMENT

25 May 1967

### References

- a. Secretary of Defense memorandum, dated 30 November 1966, subject: AID/DOD Program Realignments for Support of Operations in Vietnam.
- b. Assistant Administrator, Agency for International Development, Far East, letter dated 23 November 1966, regarding AID/DOD Program Realignments.
- c. DOD Program Budget Decision Numbers 200 (8 Dec 1966) and 200-1 (21 Dec 1966).

### Purpose

To effect mutually agreed procedures whereby:

- a. Army will reimburse AID for those obligations incurred by AID between 1 July 1966 - 31 March 1967 in support of the FY 67 portion of the programs outlined herein,
- b. Inter Army/DOD obligations will be reimbursed subsequent to 1 April 1967 in support of the programs in which both agencies are involved as outlined herein.

### General

To the extent obligations have been incurred by AID between 1 July 1966 and 31 March 1967 against the FY 67 programs covered by this memorandum, Army will reimburse AID, based upon the submission of certified billings in accordance with Annex "A".

Inter Army/AID reimbursements subsequent to 1 April 1967 for services or supplies provided or to be provided in support of the programs covered by this memorandum will be billed on the basis of certified billings in accordance with Annexes "B" through "H".

On or before 1 September each year, AID and Army will exchange for the target budget year program definitions and related budget estimates for the mutual support required to accomplish the programs covered by this memorandum.

Written notice to negotiate a change to this memorandum of understanding may be made by either party providing the notice is given 90 days prior to the proposed effective date of change. Changes which result in budget considerations will only be effected upon satisfactory resolution of the budget adjustments.

Initial reimbursements to AID will include, within budget limitations, obligations incurred by AID during the period 1 July 1966-31 March 1967 against the FY 67 portion of the following programs:

#### Project Number

- 350.3a Supply of Medical Civic Action Teams MEDCAP
- 350.3b Medical Supply, excluding MEDCAP (50%)
- 296.1 Railway Sabotage Replacement
- 352.2 Commodity Support, GVN Police Field Forces
- 294.3) Highway Maintenance
- 294.4)
- 356.1 Equipment and installation, Saigon Electrification
- 337 Commodity Support, Military Affairs in Revolutionary Development
- 267.5 Vietnam Television (reimbursements to AID through USIA; equipment costs will be paid directly by Army)
- 329.2 Commodity Support, Ports and Waterways



## FOREIGN ASSISTANCE

Inter Army/AID reimbursements subsequent to 1 April 1967 will involve the following programs:

Medical supplies issued by Army (excluding MEDCAP)

Discharge of AID sponsored cargoes at Army operated Ports in Vietnam and movement to first point of storage, including intransit shipment to other RVN ports.

Services, non-standard equipment and supplies requested by Army of USAID/V to support the accomplishment of the programs assigned Army.

Services, equipment and supplies requested by AID of Army to support the accomplishment of the programs assigned USAID/V.

Separate annexes providing detailed procedures are attached as follows:

ANNEX A - Initial Reimbursement

ANNEX B - Discharge and Movement of Cargo, Army operated Ports in Vietnam

ANNEX C - Procurement and Installation, Saigon Electrical Systems

ANNEX D - Medical Supply, excluding MEDCAP

ANNEX E - Medical Supply, MEDCAP

ANNEX F - Commodity Support, GVN Police Field Forces

ANNEX G - Commodity Support, Ports and Waterways

ANNEX H - Highway and Railway Maintenance

### Effective Date

This memorandum of understanding is effective upon signature by the designated representative of each agency. The financial adjustments will be effected subsequent to 31 March 1967.

### Implementation

Material assets on order or in the custody of USAID/V for those activities which are no longer a responsibility of AID for accomplishment will be transferred to the custody of the Army without additional reimbursement.

Each initial SF 1080 will contain the following certification:

I hereby certify that this bill covers bonafide and valid obligations incurred by AID (during the period 1 July 1966 - 31 March 1967) against the FY 1967 portion of the program for (program). Supporting documentation is on file in AID.

---

AID Certifying Officer

Each subsequent SF 1080 will contain the following certification:

I hereby certify that this bill covers bonafide and valid obligations incurred by AID against the (Fiscal Year program for title of program). Supporting documentation is on file in AID.

---

AID Certifying Officer

AID will retain the supporting documentation in accordance with applicable statutes and regulations. Unliquidated obligations will be liquidated by AID. AID Bills will be submitted for payment to the COUSARHAW, Attn: Finance and Accounts Office, APO San Francisco 96358.

Unliquidated obligations for which Army reimburses AID if adjusted upon liquidation will require an adjustment to the initial billing. Initially, significant adjustments to obligations comprising the total of the initial SF 1080 will be reported by 1 June 1967 to the COUSARHAW, Attn: Finance and Accounts Office, APO San Francisco 96358 accompanied by a refund or a billing. Subsequent adjustments may be made annually.

## FOREIGN ASSISTANCE

Representatives will be designated by Headquarters AID, Army, USARPAC, USARV, and USAID/V who will constitute a standing group for the resolution of financial problems which may result from the implementation of this memorandum of understanding.

### Attachments

\_\_\_\_\_  
Agency for International Development

\_\_\_\_\_  
SIGNED  
Charles F. Flinner, Controller

\_\_\_\_\_  
SIGNED  
Department of Army  
CHARLES P. BROWN  
Major General, GS  
Director of Army Budget

## FOREIGN ASSISTANCE

### ANNEX A

#### INITIAL REIMBURSEMENT

AID will submit to Army a separate certified voucher (SF 1080) covering obligations incurred for period 1 July 1966 - 31 March 1967, separately identified as to liquidated and unliquidated against the FY 67 portion of the following programs:

- a. Supply of Medical Civic Action Teams (MEDCAP)
- b. Medical Supply excluding MEDCAP (50%)\*
- c. Railway Sabotage Replacement
- d. Commodity Support GVN Police Field Forces
- e. Highway Maintenance
- f. Equipment and installation, Electrification
- g. Commodity Support, Military Affairs in Revolutionary Development
- h. Vietnam Television
- i. Commodity Support, Ports and Waterways

#### \*Medical Supplies

AID will bill Army for obligations established for medical supplies (all MEDCAP; 50% of other medical supplies) against the FY 67 program for (a) requisitions submitted to DSA/GSA during the period 1 July - 30 September 1966 (b) reimbursements to Army for items shipped from the U.S. Army Medical Depot, Ryukyus for the period 1 October - 31 December 1966 and (c) items procured from other than these sources during the period 1 July - 31 March 1966. Effective 1 January 1967 requisitions submitted to the U.S. Army Medical Depot Ryukyus for MEDCAP were issued free and for other than MEDCAP were billed under the 50% formula. (DA Message 795950, 5 January 1967).

## FOREIGN ASSISTANCE

### ANNEX B

#### Discharge and Movement of AID Sponsored Cargo, Army Operated Ports in Vietnam

##### Description

Army will handle the discharge and movement to first destination in country of AID sponsored cargoes, to include intransit shipment to other RVN Ports. This service will be subject to reimbursement.

##### Programming and Budgeting

USAID/V will provide USARV on a quarterly basis with quantitative workload data necessary to the local programming and budgeting for the operation of the port.

##### Billing and Reimbursement

USARV will establish in advance of each quarter an average handling (discharge and movement) charge per ton. Cargo handled will be charged at this predetermined rate which will be designed to recover the full discharge and movement costs of handling AID tonnage. Rates will be adjusted in subsequent quarters as may be necessary to assure that actual costs in both prior and subsequent periods are recovered.

USARV will provide the Financial Management Activity Hawaii:

In advance of each quarter the average cost per ton to be used in billing.

Three copies of The Monthly Report of tonnage handled which identifies AID sponsored cargo handled each month at each Army operated port.

Financial Management Activity Hawaii:

Will prepare the AID billings (SF 1080) based upon the Monthly Tonnage Movements Report.

Forward the AID (SF 1080) billing to USAID/V for payment.

USAID/V will:

Forward check to the 7th FS(D), Saigon. APO San Francisco 96243.

7th FS(D) will:

Process the transaction as a TFO and forward a validated copy of the SF 1080 to the Financial Management Activity, Hawaii.

FOREIGN ASSISTANCE

FACSIMILE

MACJ45

9 JUN 1967

MEMORANDUM FOR: MR. DONALD G. MACDONALD  
DIRECTOR, UNITED STATES AGENCY FOR  
INTERNATIONAL DEVELOPMENT  
REPUBLIC OF VIETNAM  
SAIGON, VIETNAM

SUBJECT: Discharge of PL 480 Rice

1. Reference is made to my memorandum dated 17 May 1967, subject as above, in which I indicated a conclusive reply to your letter dated 10 May 1967 would be forthcoming.

2. A review of the civil sector of the Saigon Port reveals that there has been only minor improvement in the past three months in the quantity of cargo cleared from the port. To a considerable degree, this resulted from a reduction in the quantity of cargo arriving. There is no evidence that the civil sector has acquired additional capability to cope with clearing cargo over and above that which is now handled.

3. In addition, I understand that a substantial quantity of fertilizer will arrive over the next two months in commercial shipping for discharge in the civil sector. It was the opinion of Mr. Wild of your office and Major General Eifler of the 1st Logistical Command that this increased workload should be evaluated before further steps are taken to return the rice discharge responsibility to GVN.

4. In view of the above, I believe it would be premature to return to GVN a responsibility which could cause an unsatisfactory backlog, of shipping. It is therefore recommended that United States Army, Vietnam continue handling PL 480 rice pending further evaluation of GVN capabilities during June and July. The matter will then be reexamined in August 1967, with the view in mind to return this responsibility to GVN as soon as possible.

SIGNED

W. C. WESTMORELAND  
General, United States Army  
Commanding

FOREIGN ASSISTANCE

**FACSIMILE**

**EMBASSY  
OF THE  
UNITED STATES OF AMERICA**

**U. S. AID MISSION TO VIETNAM**

APO 96243

MEMORANDUM FOR: General William C. Westmoreland  
COMUSMACV

FROM: D. G. MacDonald, Director (signed)

SUBJECT: Discharge of PL 480 Rice

I agree with you that it would probably be premature to make a change in the cargo discharge responsibility in the Port at this time. I concur that a re-examination be made before any steps are taken to return the rice discharge responsibility to the GVN. My staff will be available to assist in the re-examination that you suggest be conducted in August, 1967.

FOREIGN ASSISTANCE

FACSIMILE

<b>INTERSERVICE SUPPORT AGREEMENT</b>			1. EFFECTIVE DATE 1 July 1967	2. TERMINATION DATE 30 June 1969	3. AGREEMENT NUMBER 5D-N65110-0001-8				
4. AGREEMENT NUMBER SUPERSEDED BY THIS AGREEMENT NONE			5. NAME AND ADDRESS OF SUPPLYING ACTIVITY COMMANDER U.S. NAVAL SUPPORT ACTIVITY FPO SAN FRANCISCO 96695						
6A. NAME AND ADDRESS OF RECEIVING ACTIVITY DIRECTOR, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT, VIETNAM APO SAN FRANCISCO 96243			6B. RECEIVING ACTIVITY ADDRESS CODE						
7. EST MONTHLY VALUES OF SUPPORT TO BE PROVIDED			8. CATEGORIES OF SUPPORT (Indicate codes from reverse)						
A. REIMB \$27,500.00	B. NON-REIMB None	C. TOTAL \$27,500.00			OTHER Port Services				
9. FUNDING AND REIMBURSEMENT ARRANGEMENT (Use blank sheet(s) of paper if additional space is necessary) Submit Standard Form 1080 monthly to Director, USAID/Vietnam, ATTN: ADFM, APO San Francisco 96243. (See Special Provisions, paragraph 7a)									
10. SPECIFIC PROVISIONS (Use blank sheet(s) of paper if additional space is necessary) a. This agreement is for the provision of water terminal, drayage and related services to first destination within I Corps Tactical Zone, Republic of Vietnam, for USAID sponsored cargo consigned to an agency of the Government of Vietnam (GVN), a US Government Agency, or authorized voluntary agencies. b. Month manhours which will be spent in providing this support are estimated as follows: <table><tr><td><u>COMMISSIONED</u> 43</td><td><u>ENLISTED</u> 2175</td><td><u>DAC</u> 0</td><td><u>EN/FN</u> 2394</td></tr></table> c. Personnel to be provided by the receiving activity; Qualified cargo expeditors/coordinators as may be required by the supporting unit/activity.						<u>COMMISSIONED</u> 43	<u>ENLISTED</u> 2175	<u>DAC</u> 0	<u>EN/FN</u> 2394
<u>COMMISSIONED</u> 43	<u>ENLISTED</u> 2175	<u>DAC</u> 0	<u>EN/FN</u> 2394						
11A. TYPED NAME, POSITION TITLE OF AUTHORIZING OFFICIAL OF SUPPLYING ACTIVITY P.L. LACY, Jr., RADM, USN, Commander			11B. SIGNATURE signed		11C. DATE 8/9/67				
12A. TYPED NAME, POSITION TITLE OF AUTHORIZING OFFICIAL OF RECEIVING ACTIVITY R.L. Crownover, Asst. Dr. for Logistics			12B. SIGNATURE signed		12C. DATE 8/11/67				
13. ANNUAL REVIEW AND/OR MINOR MODIFICATION									
A. DATE OF REVIEW			C. AUTHORIZING OFFICIAL OF SUPPLYING ACTIVITY						
B. NATURE OF MODIFICATION			D. AUTHORIZING OFFICIAL OF RECEIVING ACTIVITY						
A. DATE OF REVIEW			C. AUTHORIZING OFFICIAL OF SUPPLYING ACTIVITY						
B. NATURE OF MODIFICATION			D. AUTHORIZING OFFICIAL OF RECEIVING ACTIVITY						
A. DATE OF REVIEW			C. AUTHORIZING OFFICIAL OF SUPPLYING ACTIVITY						
B. NATURE OF MODIFICATION			D. AUTHORIZING OFFICIAL OF RECEIVING ACTIVITY						

DD FORM 1144

1 NOV 64 PREVIOUS EDITIONS ARE OBSOLETE. ALSO REPLACES DD FORM 1144C WHICH IS OBSOLETE

SHEET 1 OF 5 SHEETS

Enclosure (1) to COMNAVSUPACT DANANG ltr Ser 2893 of 10 AUG 1967

## FOREIGN ASSISTANCE

Categories of Support to be Provided: Put the code letter for each category which is applicable to this agreement in one of the small blocks under Item 8 on the reverse side.

### Supply Support or Maintenance Support

- |   |   |
|---|---|
| A Aircraft, Aircraft Equipment, and components  | K Photographic Equipment, and components                  |
| B Ammunition, Ordnance Equipment, and components  | L Petroleum Products and Chemicals                        |
| C Clothing and Textiles   | M Railroad Equipment, Ships, and components               |
| D Communication Equipment, and components   | N Subsistence supplies                                    |
| E Vehicles, Vehicular Equipment, Construction Equipment, Materiel Handling Equipment, Fire Fighting Equipment, and components | O Explosive ordnance disposal                             |
| F Electrical and Electronic Equipment, and components   | <u>Logistic Services Support (other than Maintenance)</u> |
| G General Supplies  | P Custodial   |
| H Medical and Dental Equipment, and components  | Q Purchasing and services                                 |
| I Parachute Repacking   | R Fire or Police Protection                               |
| J Missiles, Missile Equipment, and components   | S Housing or Lodging                                      |
|   | T Laundry or Dry Cleaning                                 |
|   | U Medical or Dental                                       |
|   | V Messing   |
|   | W Storage or Warehousing                                  |
|   | X Transportation  |
|   | Y Utilities   |
|   | Z Mortuary Services                                       |



## FACSIMILE

LOGISTIC SERVICES AGREEMENTSISSA NUMBER 5D-N65110-0001-8

1. Common supply items provided by the agent in conjunction with the provision of the services specified in this agreement will be charged for at stock list price or at cost of local procurement, whichever is applicable. In addition, the following accessorial charges will be applied to the cost of all nonlocally procured items at the rates stipulated in DOD Instruction 7510.1:

CONUS Port Loading and Handling.  
Ocean Transportation to FE  
Overseas Port Unloading and Handling.  
Overseas Inland Transportation.  
Overseas Depot Packing, Crating and Handling.

An additional 3% charge will be applied to the cost of locally procured items to cover transportation and handling costs.

2. Service peculiar items required in the execution of this agreement will be provided by the principal.
3. Costs of civilian labor, other than contract labor, will be subject to an additional charge of 29% to cover costs of leave, sick leave etc. Contract Labor will be charged for at contract cost.
4. Any costs of travel and/or TDY incurred by the agent in execution of the services covered by this agreement will be defrayed by the principal. The principal will provide consent to such travel, in writing, in advance.
5. Support provided non-US Government, non-MAP agencies will be subject to an additional 1% surcharge to cover costs of administration and overhead.
6. In event of failure of the receiving activity to accept the full quantity of reimbursable support provided for herein, the supplier shall make all reasonable efforts to absorb and/or redistribute any excesses of supplies and/or service capabilities to prevent loss to the Navy. If such redistribution or absorption cannot be accomplished and a loss results to the supplier, the receiving activity shall reimburse the supplier to the full extent of such loss in the same manner as if the requested support had in fact been accepted.
7. Special provisions:
  - a. Reimbursement:
    - (1) Monthly billings will be made. Billing will include vessel name voyage number when applicable, measurement tons handled, date discharge commenced and rate in effect on that date.
    - (2) USAID will be billed by the US Navy for terminal handling, drayage, and related services on the basis of receipted (facsimile) Cargo Delivery Receipts (CDR's) as proof that cargo billed to USAID has arrived at USAID first destination warehouses. Exceptions, if any, will be claimed by separate action within thirty days of billing.
    - (3) Reimbursement will be based on the average estimated cost per measurement ton multiplied by actual tonnage of USAID sponsored cargo handled each month through port to first destination within I Corps Tactical Zone, RVN. The average cost per measurement ton for all I Corps ports will be provided by NAVSUPACT, DaNang. NAVSUPACT will establish in advance of each quarter an average handling (discharge and movement) charge per ton. Cargo handled will be charged at this predetermined rate which will be designed to recover the full costs of handling AID tonnage. Rates will be adjusted in subsequent quarters as may be necessary to assure that actual cost in both prior and subsequent periods are recovered. On agreement of USAID and NAVSUPACT certain commodities may be exempt from the aforementioned cost reimbursement procedure and use a special rate per ton. (i.e. rice, due to the inflationary effect of an average ton rate on the RVN economy.)

Enclosure (1) to COMNAVSUPACT DANANG ltr Ser 2893 of 10 AUG 1967

SHEET 1 OF 3 SHEETS

## FOREIGN ASSISTANCE

(4) Reimbursement is retroactive to 4 July 1966. Billing for services performed prior to 1 July 1967 will not be required to be supported by receipted CDR's from first destination consignee.

b. Scope: This agreement applies to those government-to-government commodities sponsored by AID which meet the following criteria:

(1) They are procured by the Central Purchasing and Supply Authority, or the US General Services Administration (GSA), or the US Department of Agriculture (USDA), or other US Government agencies for the account of AID.

(2) They are consigned to the Government of Vietnam, a US Government Agency, or authorized voluntary agencies.

(3) They will be discharged in the Republic of Vietnam (RVN) under US military auspices, as provided for in the US/GVN Agreement of 4 July 1966.

### c. NAVSUPPACT Responsibilities:

NAVSUPPACT will accomplish the following services for USAID within US Navy operated water terminals in I Corps Tactical Zone, Republic of Vietnam.

(1) Notify first destination consignee when to expect discharge (all ports) and delivery (DaNang only) of cargo.

(2) Provide or arrange for the transport (DaNang only) of cargoes to first destination consignees as indicated on cargo delivery instructions received from USAID. Such first destination is limited to a destination within a secure area of the port of discharge and is not to be construed as requiring greater movement than that which is commonly involved in port clearance.

(3) Provide or arrange for the discharge of all USAID cargoes manifested on each ship.

(4) Obtain a receipted copy of delivery document (Cargo Delivery Receipt) from first destination consignee. This document will be annotated to show date, condition and count of all cargoes delivered and signature of person receiving same.

(5) Furnish USAID Transportation Port Liaison Representative the following data pertaining to the discharge and movement to first destination consignee of all USAID cargoes that arrived at NAVSUPPACT water terminals on each ship during the accounting period.

(a) A listing of USAID cargoes manifested on each ship.

(b) Corrected outturn report to indicate amounts and conditions of cargoes actually discharged from ship. This outturn report pertains only to LST or larger vessels.

(c) Receipted (facsimile) copy of Cargo Delivery Receipt with a copy of the transmittal letter reflecting billing information.

(6) Maintain necessary statistical data for reporting purposes and render joint NAVSUPPACT/USAID reports as specified and agreed upon by both parties.

(7) Maintain and make available for audit and inspection purposes up-to-date files pertaining to the accomplishment and documentation of these activities.

### d. USAID Responsibilities:

(1) Provide Port Liaison Representatives to assist and coordinate NAVSUPPACT effort outlined herein. USAID Port Liaison Representatives will:

(a) Five days prior to arrival of military ship at berth or buoy for discharge furnish the appropriate US Navy terminal activity cargo delivery instructions for each item of USAID cargo manifested thereon.

Enclosure (1) to COMNAVSUPPACT DANANG ltr Ser 2893 of 10 AUG 1967

SHEET 2 OF 2 SHEETS

## FOREIGN ASSISTANCE

(b) Arrange for prompt unloading of cargoes at first destination consignee. This will include continuous (24 hours a day, 7 days a week) reception capability to the extent possible.

(c) Furnish, within available resources, such other assistance to the appropriate US Navy terminal activities as determined feasible and applicable, to assist in the overall accomplishment of those functions outlined herein.

(d) At I Corps ports other than DaNang arrange for and provide transportation to accept and receipt for cargo at the discharge site.

(2) Provide continuous representation to the NAVSUPPACT daily cargo operations meetings for coordination of vessel arrival and discharge priority activities.

(3) Provide for palletization and unitization of cargo where feasible and advisable.

(4) Provide to the supporting activity necessary statistical data not available to the supporting activity for required reports.

(5) Maintain and make available to the supporting activity or third party representatives for audit and/or inspection purposes, up-to-date files pertaining to USAID responsibilities outlined herein.

(6) Will insure that first destination consignee complies with procedures developed pertaining to receipting for and returning CDR to the appropriate supporting activity.

(7) Will accept as valid all signatures on receipted CDR from first destination consignee.

(8) Obtain customs clearance and all other clearances prescribed by applicable law or arrangement between the two governments concerned for such commodities.

e. Termination: Either party may terminate this agreement prior to the established termination date by giving at least 30 days notice to the other.

f. Mobilisation: In event of mobilization or other emergency, this agreement will remain in force subject to the cancellation provisions as stand in paragraph 7e above.

Enclosure (1) to COMNAVSUPPACT LANANG ltr Ser 2893 of 10 AUG 1967

SHEET 1 OF 2 SHEETS

FOREIGN ASSISTANCE

FACSIMILE

MACJ45

MEMORANDUM FOR: MR. DONALD G. MACDONALD  
DIRECTOR, UNITED STATES AGENCY FOR  
INTERNATIONAL DEVELOPMENT  
REPUBLIC OF VIETNAM  
SAIGON, VIETNAM

SUBJECT: Discharge of PL 480 Rice

1. Reference is made to General Westmoreland's memorandum dated 9 June 1967, subject as above, in which it was recommended that United States Army, Vietnam continue handling PL 480 Rice pending further evaluation of GVN capabilities during June and July. Your memorandum dated 16 June 1967, subject as above, agreed with this recommendation.

2. On 29 June 1967 the subject was reevaluated by your Associate Director, Mr. Wild, representatives of this headquarters, United States Army, Vietnam, and the First Logistical Command. It was determined at that time that GVN was capable of assuming the discharge responsibility for PL 480 Rice after 31 July 1967. This is to confirm the agreement reached at that meeting that the U.S. Military will continue to work those rice ships arriving at Cap-Saint-Jacques through 31 July 1967 with the GVN assuming discharge responsibility for all rice ships arriving Cap-Saint-Jacques after that date.

SIGNED  
CREIGHTON W. ABRAMS  
General, United States Army  
Commanding

FOREIGN ASSISTANCE

FACSIMILE

Republic of Vietnam

Saigon, 14 July 1967

Central Department  
of Economy & Finance

No. 741-TUV/VP

Director of Cabinet  
Department of Economy & Finance

TO: Director General  
Central Purchasing & Supplies Agency  
Saigon

Following the meeting on 12 July 1967 at Central Department of Economy & Finance, having considered the loss of rice during the period the 4th Transportation Command was responsible for the unloading and delivering of rice from ships to warehouses, we have made the following decisions:

Central Purchasing & Supplies Agency will be responsible for the unloading of rice from ships to piers and delivery to warehouses for the 4th Transportation Command.

This mission will commence with the imported rice on 1 August 1967.

Central Office of Supplies will receive rice at the warehouses, instead of at the piers (right in front of warehouses), like the present time.

SIGNED  
Nguyen Huu Hanh

cc:  
- Commercial Commissioner  
- Chief, Central Office of Supplies

FOREIGN ASSISTANCE

FACSIMILE

EMBASSY  
OF THE  
UNITED STATES OF AMERICA

U.S. AID MISSION TO VIETNAM  
87 Le Van Duyet

JUL 26, 1967

Dear Mr. Commissioner General:

In accordance with the Agreement between the Director of the Central Purchasing Authority, the Commanding Officer, 4th Terminal Command, and the Assistant Director for Logistics, USAID, Saigon, of July 25, 1966, MACV has been discharging and moving rice to first destination warehouses as a matter of cooperation with your Government.

A recent review of shipping matters in Saigon revealed that your Government can conveniently assume responsibility for discharging and moving rice to first destination warehouses. We are pleased to recognize your Government's ability to undertake this responsibility.

In view of the above, we propose that MACV will discharge all ships arriving off Cap Saint Jacques through July 31, 1967. For vessels arriving after that date, the full responsibility for discharging and moving rice to first destination will rest with your Government. This proposal would cancel Part II of the July 25, 1966, Agreement but would retain Part I.

Would you please advise at an early date if the above proposal is acceptable to your Government.

Sincerely yours,

SIGNED  
John P. Robinson  
Acting Director

cc:  
General William C. Westmoreland  
COMUSMACV

His Excellency  
Nguyen Huu Hanh  
Commissioner General for Economy  
and Finance and Governor, The  
National Bank of Vietnam  
Republic of Vietnam  
Saigon

FOREIGN ASSISTANCE

FACSIMILE

REPUBLIC OF VIETNAM

Central Purchasing & Supplies Agency  
140, Hong Thap Tu St., Saigon  
P.O. 131, Saigon - Tel: 25.025-6-7- Telegram Maidich Saigon

No. 3940/NTV/HC

Saigon, 31 July 1967

MOST URGENT

TO: Colonel Kennedy  
4th Transportation Command  
Saigon

Subject: Unloading of Rice by Central Purchasing &  
Supplies Agency for the 4th Transportation  
Command.

Reference: TUV/VP Message No. 741 dated 14 Jul 67 from  
Director of Cabinet, Department of Economy &  
Finance.

Dear Sir:

Reference the attached message from Director of Cabinet, Department of Economy & Finance (Incl #1), Central Purchasing and Supplies Agency will take over the responsibility of unloading rice from ships to piers, then deliver to warehouses for the 4th Transportation Command starting on 1 August 1967.

We, Central Purchasing and Supplies Agency, confirm that we will be responsible for the mission mentioned above starting with the arrival of the ship "Medonna" on 1 August 1967.

Respectfully,

Director General  
Central Purchasing & Supplies Agency

LE TUONG KHANH

cc:

- Director of Cabinet  
Department of Economy & Finance
- Finance Commissioner
- Commercial Commissioner  
"For information"

FOREIGN ASSISTANCE

FACSIMILE

MACJ45

25 AUG 1967

Director  
Central Purchasing and Supply Agency  
140 Hong Thap Tu  
Saigon, Vietnam

Dear Sir:

References:

- a. Joint letter of agreement among CPSA, MACV and USAID, dated 4 July 1966.
- b. Letter, Central Purchasing and Supply Agency, dated 31 July 1967.

This letter confirms previous USAID/MACV/CPSA agreement that all vessels carrying a mixed load of rice and any other foodstuffs will be discharged, handled, and stored by GPSA and USA, Government of Vietnam.

It is also considered appropriate that CPSA initiate planning to gradually assume responsibility for discharging and handling all Public Law 480 Food for Peace cargoes.

SIGNED

C. H. DUNN  
Major General, USA  
Asst. Chief of Staff, J-4

Copies furnished:  
1st Logistical Command  
Saigon Area Support Command  
ATTN  
125TTC



FOREIGN ASSISTANCE

FACSIMILE

REPUBLIC OF VIETNAM  
CO - QUAN MÃI-VU VÀ TIẾ IÊU  
(CENTRAL PURCHASING AUTHORITY)  
P.O. Box 131 Saigon - Cable Address: Maidich Saigon  
Tel.: 25.025 - 6 - 7

Our Ref C/N. No. 15265/VPTGD

Saigon, September 08, 1967

Major General C.H. Dunn  
Assistant Chief of Staff, J-4  
U.S. Military Assistance Command V.N.

SAIGON.-

Dear General DUNN:

Thank you very much for your letter of August 25, 1967. We wish take this opportunity to confirm that the Central Procurement and Supply Authority will assume responsibility for discharging and handling all Public Law 480 Food for Peace cargoes, rice and any other foodstuffs from September 10, 1967.

Please accept our deepest appreciation for your previous cooperation and we hope that we, MACV/CPSA, will have many occasions to work side by side for the prosperity of our nations.

Very truly yours

ACTING DIRECTOR GENERAL

SIGNED

LÊ-TÔNG-KHÁNH

cc:

- Ông Tổng Ủy-Viên Kinh-Tế Tài-Chánh.
- Ông Ủy-Viên Tài-Chánh
- "để kính trình"
- Assistant Director for Logistics/USAID
- "For information"

FOREIGN ASSISTANCE

FACSIMILE

HEADQUARTERS  
United States Military Assistance Command, Vietnam  
APO San Francisco 96222  
Office of the Assistant Chief of Staff for Logistics

MACJ45

November 19, 1967

Director  
Central Procurement and Supply Authority  
140 Hong Thap Tu  
Saigon, Vietnam

Dear Sir:

References:

- a. Letter, MACV, dated 25 August 1967.
- b. Letter, Central Procurement Authority, 8 September 1967.

This letter confirms previous oral USAID/MACV/CPSA agreement pertaining to discharge responsibilities for Public Law 480 Food for Freedom Cargo and bulk Counterinsurgency (CI) commodities, previously handled by MACV.

In this regard the following procedures are established and made a matter of record:

First, only those stevedore companies acceptable to the Commanding Officer, U.S. Army Terminal Command, Saigon will be employed by CPSA for discharge of United States Department of Defense-interest ships arriving at the Saigon Commercial Port, exclusive of the military-controlled berths. That stevedore company will discharge all cargo from the ship which was manifested to Saigon.

Second, Central Procurement and Supply Authority (CPSA) will discharge and clear all non-DOD-interest ships which enter the commercial port of Saigon with Public Law 480 cargo or other bulk cargoes consigned to USAID or the Government of Vietnam. Excepted are those ships carrying fertilizer or corn for the Agricultural Development Bank which may be discharged by that organization.

Third, CPSA will accept the responsibility for claims arising from stevedore damage to DOD-interest ships that CPSA discharges. Billing will be presented to USAID for processing to CPSA.

Fourth, USAID/CPSA will be responsible for preparation of MILSTAMP out-turn documentation, when appropriate, for cargo discharged by CPSA.

Fifth, the U.S. Army Terminal Command, Saigon, in coordination with USAID, will provide CPSA with periodic and timely schedules of ships to be discharged and cleared by CPSA.

Based on the above procedures, it is proposed that this arrangement commence on or about 27 November 1967 with CPSA, under sponsorship of USAID, assuming responsibility for the discharge and clearance of the SS Gortrudo Therese.

SIGNED  
HENRY A. RASMUSSEN  
Brigadier General, USA  
Asst. Chief of Staff, J4

Copies Furn:

Dep CG, USARV  
CG, 1st Log Comd.  
CG, USASG, Saigon  
CO, 4th Trans Term Comd.  
CO, 125th Trans Term Comd.  
COMSTOV  
Director, USAID

**APPENDIX B**  
**LIST OF ACRONYMS AND ABBREVIATIONS**

## APPENDIX B

### LIST OF ACRONYMS AND ABBREVIATIONS

AID	Agency for International Development	ISSA	Interservice Support Agreement
ANZUS	Australia, New Zealand, United States Treaty	JCS	Joint Chiefs of Staff
ARVN	Vietnamese Army	JLRB	Joint Logistics Review Board
CENTO	Central Treaty Organization	JSCP	Joint Strategic Capabilities Plan
CI	Counterinsurgency	JSOP	Joint Strategic Objectives Plan
CINCPAC	Commander in Chief, Pacific	JTB	Joint Transportation Board
CIP	Commodity Import Program	MAAG	Military Assistance Advisory Group
COMUSMACV	Commander, United States Military Assistance Command, Vietnam	MAC	Military Airlift Command
CORDS	Civil Operations and Rural Development Support	MACV	Military Assistance Command, Vietnam
CPSA	Central Procurement and Supply Authority, Government of Vietnam	MAP	Military Assistance Program
DOD	Department of Defense	MASF	Military Assistance, Service Funded
DSA	Defense Supply Agency	MEDCAP	Military Civic Action Program
FWMAF	Free World Military Assistance Forces	MILSTAMP	Military Standard Transportation and Movement Procedures
GAO	General Accounting Office	MOU	Memorandum of Understanding
		MSTS	Military Sea Transportation Service
GNP	Gross National Product	NATO	North Atlantic Treaty Organization
GSA	General Services Administration	NBVN	National Bank of Vietnam
GVN	Government of Vietnam	NSC	National Security Council
IG	National Security Council Interdepartmental Groups	OAS	Organization of American States
IRG	State Department Chaired Interdepartmental Regional Group (Mar 66-Jan 70)	OPLAN	Operation and/or Contingency Plan

# FOREIGN ASSISTANCE

PEG	Performance Evaluation Group (CINCPAC)	SSA	Supply Support Arrangements
PL 480	Agricultural Trade Development and Assistance Act of 1954 (Surplus Agricultural Commodities Program)	TCMD	Transportation Control and Movement Document
RD	Revolutionary Development	TOE	Table of Organization and Equipment
RG	National Security Council Review Group	USAID	United States Agency for International Development
ROKG	Government of the Republic of Korea	USARV	U.S. Army, Vietnam
RVN	Republic of Vietnam	USC	National Security Council Under Secretaries Committee
RVNAF	Republic of Vietnam Armed Forces	USDA	U.S. Department of Agriculture
SEATO	Southeast Asia Treaty Organization	VC	Vietcong
SIG	State Department Chaired Senior Interdepartmental Group (Mar 66-Jan 70)	VNAF	Vietnamese Air Force
		VNMC	Vietnamese Marine Corps
		VNN	Vietnamese Navy
		VNRR	Vietnamese Railroad
		4TTC	Fourth Transportation Terminal Command

**APPENDIX C**  
**BIBLIOGRAPHY**

## APPENDIX C

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